

# S banks raise prime lending rates

## to record 19 per cent

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### Doubts over Carter package

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mics Correspondent  
n, March 18  
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share, but said that

scrutiny of the package's figures brought an angry reaction from Congressmen, particularly conservatives, as it appeared the White House was trying to balance the budget by tax increases

first quarter earnings "are expected to be down significantly".

The decline reflects "the current unsettled condition of the securities markets and the impact of domestic money market interest rate levels on the fixed portion of Citicorp's loan portfolio," the company said.

Chase Manhattan asserted that today's prime rate increase does not fully reflect the increased cost of the bank's funds "nor does it include any immediate additional costs resulting from the specific actions announced over the weekend." This statement and that by Citicorp point unmistakably to still higher prime rates.

White House budget figures provoked angry comments from conservative politicians and intense scrutiny on Wall Street. In January, the President announced public spending for the 1981 fiscal year combined of \$118,000m. It now appears that exactly the same total is reached from calculating the White House figures included in this weekend's new budget.

The White House sharply underestimated its figures in January. Inflation and revised spending totals should have added \$6,000m to the present year's total and about \$9,500m to the 1981 fiscal year total. The new package cuts \$2,000m from the 1980 budget outlay and \$13,500m from 1981 spending—the newly-announced spending cuts do nothing more than offset precisely the revised increases in outlay in the original January budget.

Under these circumstances it appears that the only way the budget will be balanced is by means of tax increases. These increases, for both fiscal years combined, amount to about \$33,000m—new tax measures of \$16,000m plus higher tax revenues resulting from higher inflation than originally estimated in January's budget.

The Wall Street Journal, in a leading article today, suggested that a look at the numbers showed that the President's package, presented as a series of spending cuts, is a "fraud." Republican Congressmen are mounting a campaign attacking the tax increases.

The Democrats in the House of Representatives are planning assorted income and business tax-cutting plans to be financed by the \$13,000m in energy tax revenues from the remainder of this year and all of the 1981 fiscal year.

The delay at the White House in sending all budget details to Congress has infuriated Congressmen. As a result, there are moves on Capitol Hill to promote a budget programme written entirely by Congress, ignoring the President's detailed plans. So there can be no surprise at the scepticism on Wall Street towards the latest White House efforts.

On the economic front, there was one more scrap of evidence that the new budget and Fed programme will push the economy into a slump. The Commerce Department reported that personal incomes rose by just 0.3 per cent in February—the smallest monthly gain since July 1975, and less than January's increase of 0.8 per cent.

# Anti-Soviet nations draw up list of sites

From Alan McGregor,  
Geneva, March 18

The international movement to boycott the Olympic Games in Moscow is going to organize a world sports festival for athletes who decide not to go to Russia. It was decided today.

The festival will, however, be open to all and will be held after the Moscow Olympics but, as Mr. Lionel Cutler, special adviser to President Carter, put it: "They would pose no threat to the future of the unitary Olympic movement."

This, he said, was "a future to which all governments present at this meeting are as fully dedicated as any other governments in the world. They would not, in any case, be counter-Olympics."

A dozen countries, at meetings organized by the United States, Britain and Australia, have drawn up a list of possible sites for top-class sporting events in August and September. The locations are being kept secret for a while.

"What we have to do now, as a result of these meetings, is to get in touch with the various sporting organizations, some national, some international," Mr. Douglas Hurd, the British representative and Minister of State at the Foreign Office said.

"We have divided up the task. We all know, sport by sport, who has to talk to whom. We will compare notes again when that particular process is finished."

If there was disappointment at the speed of arrangements from among the 25 countries who have been discussing alternative Olympics, the sponsors claimed "rather more progress than expected". They say that as many nations as possible are now considering whether to favour a boycott.

"In some sports, opportunities are already on the post-Olympics schedule of international sporting events. In other sports, suitable opportunities can be arranged," Mr. Cutler said. He added that the festival could be financed by the sale of television rights.

"We have had expert professional advice on the technical and financial aspects of television link-ups and on arrangements with sports authorities and promoters who would be responsible for conducting such events," he said.

Mr. David Wolper, the American television producer of "Roots" and the official film of the 1972 Munich Olympics, acted as technical adviser at the meeting.

Mr. Cutler emphasized that the boycott issue was not the subject of today's meeting. "We all recognize the problem that decisions not to attend the Moscow games would create for the athletes," he said.

"We feel a duty and we believe, in time, others will feel a duty, to see what can be done for those athletes to provide them with equivalent world-class competitive opportunities and recognition." Each government would have to make its own decision.



Cardinal Hume, Archbishop of Westminster, at the scene of the fire yesterday.

# Victims of hostel fire were trapped

By Nicholas Timmins

Nine women died and three were injured when fire swept through a north London hostel run by nuns for homeless and destitute women early yesterday morning.

Neighbours and firemen in breathing apparatus struggled to save the 21 occupants of the three-storey terraced house. Eight women who were trapped on the top floor are presumed to have been overcome by the building.

A ninth died on the way to hospital.

Neighbours with ladders helped women down from the first floor windows, and firemen carried three to safety as flames swept through the building at about 5.30 am.

The hostel has been run by the Missionaries of Charity, followers of Mother Teresa of Calcutta, since 1974. But there was dispute yesterday about the hostel's precise status and whose job it was to enforce fire regulations.

Mr. George Agathangelou, owner of the neighbouring La Rochelle hotel in Salisbury Road, Kilburn, who used his own extinguishers to fight the fire, said: "There were no fire precautions, no fireproof doors."

Mr. Alan Marshall, assistant divisional officer with the London Fire Brigade, said: "There appears to be some omission on fire precautions, and certainly there was no evidence of a fire escape from the building."

Brent council, which has used the hostel for short-term accommodation for destitute women on occasion, claimed that fire precautions were the responsibility of the fire brigade.

A council spokesman said an application for change of use of the building from private residence to hostel had been approved last year, on condition the accommodation was for 10 people.

But a London Fire Brigade official said 22 beds were found in the burnt-out hostel, and police believe 21 women were resident.

The fire brigade said that the building was not covered by the regulations governing hotels and guest-houses, and fire precautions were the local authority's responsibility.

For its part, the Missionaries of Charity in a statement issued by their sister superior in England, Sister Marie Celline, said Brent council had granted permission for the continued use of a five building, a hostel on January 3 this year.

Brent Council said it had advised the sisters to talk to fire prevention officers to see that the hostel complied with the code of practice, and the London Fire Brigade confirmed that recommendations bringing the hostel up to the standard for hotels, with means of escape, fireproof doors, and an enclosed staircase, had been sent to the sisters' architect on February 4.

But a spokesman for Sister Marie said these had not been received and the architect was in Taiwan.

Brent council promised an urgent inquiry into the situation.

Mr. Alan Pearce, director of housing for Brent, said it was not the council's policy to place people in short-stay accommodation without a survey had been sent before yesterday's fire into the various voluntary groups, like the Missionaries of Charity, that the council occasionally used—in this case two or three times in the past year.

"We have got to ensure that the accommodation is adequate"

Continued on page 2, col 3

# s Thatcher's threat to hold back T in Brussels budget dispute

Voices  
tary Correspondent

argaret Thatcher told nuns yesterday that nment would have to withholding part of Value Added Tax con- if there was not an solution to the British or a reduction in the its country's net pay- the EEC budget.

as the clearest state- his issue yet made by Minister. But she has no sign of concessions or qualifications.

y there was no sign y Thatcher of the British

there a willingness the issue as part of munismy dispute in ests of avoiding a lision with Britain's ners at the next sum- ng of heads of state is on March 31 which nment is hoping will matter.

hatcher's reply indi- siderable toughening of British attitude in growing pressure, from the Labour but increasingly from vervative backbenchers

yesterday's statement ered off by the first of the day to the nister from Mr Ivor e, Conservative MP ley, Orpington.

ned her down unless a successful outcome negotiations in Brussels id be a growing de- his country for a part, ole, of our VAT con-

contributions because it would mean breaking Community law and she would be loathe to do that.

She then added that the only other means open to the Government was to be "difficult in every single field" and "that would really tear the Community apart."

Yesterday there was no mention of the legal difficulties nor any sign of much reluctance on the part of the Prime Minister.

Michael Hornsby writes from Brussels: Britain moved closer to the brink of a total breach in its relations with the rest of the EEC as Lord Carrington, the Foreign Secretary, gave a warning here today of "grave consequences" for the Community if the British budget problem was not solved at the next summit meeting of the Nine.

Britain is asking for a reduction of between £900m and £1,000m in its net contribution to the budget, which is predicted to reach at least £1,200m this year.

Lord Carrington told his EEC colleagues that the British would not be satisfied with anything less than "very substantial progress" towards agreement on both the amount and the duration of financial relief for Britain at the spring summit meeting on March 31 and April 1.

While talking the view that it was always wrong to talk of Lord Carrington none the less described the Brussels summit as "the moment when (the budget problem) has got to be solved."

Parliamentary report, page 6  
M. Chirac's attack, page 7

# Tito blood condition worsens

From Dossa Trevisan  
Belgrade, March 18

President Tito's condition, stable for the past two days, today took a further turn for the worse as the internal bleeding, especially in the stomach, became heavier.

The increased bleeding is adding new complications to the intensive treatment which the Marshal Tito has been receiving. Today's medical report disclosed a further deterioration in his condition caused by "extensive haemorrhage" in the stomach which, his doctors said, is the result of a general inclination towards internal bleeding.

After a sudden setback in his condition caused by the amputation of a leg, his health has been slowly worsening. On February 14, he was for the first time reported to have reached a critical point, but the following day he responded to intensive treatment.

Nevertheless, it was then that the President reached the point of no return.

# Steel union leaders to consider third party mediating in strike deadlock

By Paul Routledge,  
Labour Editor.

A proposal for a committee of inquiry into the national steel strike, now in its 12th week, will be considered tonight by the all-union coordinating committee that is running the dispute.

The idea is to be put forward by leaders of the dominant Iron and Steel Trades Confederation and the National Union of Blastfurnacemen, whose joint executives yesterday went through the ritual of rejecting the British Steel Corporation's "final" offer of 14.4 per cent.

A committee of inquiry, which would recommend ways of reconciling the two sides, now seems the strongest rumour of the many forms that third party intervention might take, if the deadlock is to be broken.

Officials of the ISTC have been looking for some time at prospective independent chairmen who might head the inquiry, assisted by two nomi-

nees, one from the unions and one from the corporation. This is regarded as more satisfactory than a single mediator.

With the near-unanimous backing of leaders of the blastfurnacemen and steelmen, the proposal stands a strong chance of being adopted by the trade union coordinating committee of 10 members, which meets tonight to consider its next move.

A committee of inquiry would need the formal approval of BSC management, but not of the Government. Its recommendations would be morally, rather than legally, binding.

The chances of such an instrument producing a rapid solution to the drawn-out dispute would depend on its terms of reference. BSC would almost certainly question the corporation's ability to run the industry.

If British Steel spurns the idea of an inquiry—as is

possible—and goes ahead with its threat to hold a secret ballot of the workforce on its offer, the unions are working out rival consultative schemes to discredit the BSC-organised vote.

There is little guidance in the ISTC rule book on this issue, but a branch ballot produce a vote supporting union policy and rejecting the corporation's pay and productivity package. The confederation has already booked advertising space in newspapers that circulate in the steel-making areas to publicize its view of the BSC proposals.

A conference with 58 delegates representing TGWU steelworkers yesterday voted unanimously to reject the BSC package offer put forward last week in return for demanding, job flexibility, and local productivity bargaining.

Other steel news, page 2

# 1 to charge school abandoned

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Vale pits 'not needed'

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Manx liberation

Moves towards greater independence for the Isle of Man are being closely watched by other island communities in Europe, particularly by Shetland, which sent a deputation there for exchange of information and experience Page 4

# Cuba offer to break Bogota deadlock

Cuba is prepared to admit the guerrillas occupying the Dominican Republic Embassy in Bogota, their diplomat hostages and the 70 prisoners they want released, President Fidel Castro made the offer in a message to the Colombian Government Page 8

Maples rejects bid

Maples, the furniture stores chain renowned for its shop in Tottenham Court Road, London, rejected an £8.4m takeover bid from Waring and Gillow, the furniture and carpet retailer Page 17

TUC apprehension

TUC fears of legislation to make unions legally responsible for the actions of all their officials, right down to shop floor level, are disclosed in a confidential document to be discussed by union leaders today Page 2

# Mrs Schild pleads with daughter's kidnappers

From John Earle  
Rome, March 18

Mrs Daphne Schild appealed on Italian radio today for the release of her daughter Anna, aged 15.

Mrs Schild, her husband Mr. Rolf Schild, and her daughter, who is deaf and dumb, were kidnapped from their holiday villa in Sardinia last August.

Mr. Schild was freed soon afterwards and Mrs Schild was released in January after a ransom payment.

Mrs Schild said she could not believe that human beings would remain insensitive to the desperate appeal of a mother, in addition to that already made by the Pope on Sunday.

"We on our side have done everything you asked," she said. "We have sold everything we had to pay the exorbitant sum agreed, trusting your word."

"It is time that you also respect your own word, because, beyond any illusion that might arise among all the rumours and news put around in these days, we have no more money nor possibility of obtaining any. My daughter is alone, for many months, in your hands. Give her back to us and allow her—who has already suffered so much—to continue her young life."

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# Avocation. What if you don't have one?

It was the first time I had felt envious about anything," a young man told us with just a hint of self mockery.

I looked around the dining hall at university and realised with a pain that there were two sorts of people there: those who had a vocation, and the rest of us who did not.

The first group (I already thought them privileged) knew exactly where they wanted to go and how to get there.

Their lives, I naively imagined, would be unswerving and purposeful, rich with certainty and fulfilment.

By contrast I felt muddled, irresolute and strangely vulnerable. I tried myself mentally trying on different jobs but like secondhand clothes, none seemed to fit."

## Keeping your options open.

What, you may well ask, was this young man doing at the Army Officer Selection Board?

Surely we are not interested in people who can't make up their minds? In any case, Army Officers are born with bugles ringing in their ears, aren't they?

Some are. But nowadays most are not.

And as for uncertainty, well, we see it as a characteristic of youth, not feeble mindedness.

After all, why should a boy fresh from school or university be expected to commit himself to any career he knows next to nothing about?

We would never ask such a thing in the Army.

A young man may choose to serve for three years extendable to eight years, or a commission of sixteen years as well as the full career commission of approximately thirty-four years.

And contrary to the twist-your-arm reputation of recruiting officers, the one they recommend to anyone uncommitted, is the three year commission.

## A toe in the water.

A three year commission will give you time to clear your mind and to try your hand at lots of different jobs.

Are you cut out to be a teacher?

You'll find out soon enough. It might be your job to train young soldiers in the use of mortars, survival and counter-terrorism.

Are you an administrator? You will have to sort out their leave, arrange courses, replacements and duties.

Are you a bit of a lawyer?

One way or another your soldiers will need advice on H.P. agreements, Queen's Regulations, even divorce.

Do you have a mechanical flair?

Most units have transport today. It will be your job to see it works, sometimes, if you're a tank commander for example, in your overalls.

Who knows, you might find you have a vocation for the Army. This is somewhat more than a fond hope on our part: 35% of Short Service Officers do sign on for longer terms.

If not, you will leave the Army after three years commissioned service with a tax-free gratuity of £2265 (or in some cases, after two years if you wish, but without the handshake).

## A further qualification.

You will also leave with an additional qualification.

The words 'Short Service Commission' certainly add weight to any curriculum vitae.

Not so long ago the Chairmen or Personnel Directors of over fifty large companies signed a statement that for them 'three years as an Army Officer can equal three years at university.' Several said a perfectly rounded education would include both.


All spontaneously mentioned the value of the training in management that Army Officer training gives a young man.

To sum up then, a Short Service Commission will give you time to breathe, opportunity to try different jobs and a welcome from large companies when you leave.

We have written a booklet called 'Army Officer. What the job is like and how you can apply for it.'

It sets out all the options, the different Arms and Services, the various lengths of commissions and how you may extend them or convert to a Regular Commission.

If you are between 17½ and 26 with at least 5 'O' levels including English language, Major John Floyd will send you a copy. Write to him at Army Officer Entry (Dept. A41), Lansdowne House, Berkeley Square, London W1X 6AA. Tell him your age, your education so far and your thoughts on a career.

 **A 3-year  
Commission in the Army.**



## HOME NEWS

## Councils must find other savings as Government abandons school transport charge plans

By George Clark

Political Correspondent

Conceding defeat on the Government's proposal to empower local education authorities to make charges for school transport, Mr Mark Carlisle, Secretary of State for Education and Science, announced in the Commons yesterday that he would not be seeking to reintroduce the relevant clause in the Education Bill, defeated in the House of Lords, at a later stage.

But he emphasized that the clause had originally been introduced at the request of the Association of County Councils to give them greater freedom in choosing where to make savings on their education budgets.

"The option to charge [for school transport] is no longer open to local authorities," he removes the obligation on local authorities to achieve the needed reductions in expenditure in some other way.

As originally drafted, the clause on school transport would have enabled authorities to have made savings of about £30m if they chose that option, but later amendments restricting the power to charge had reduced the amount of possible savings.

The Duke of Norfolk, who led the revision of the clause, said later that he was pleased with the Government's decision to accept the defeat but he thought it was quite disgraceful that Lady Young,

Minister of State for Education, should have suggested that any new savings should come from the handicapped.

"I should come from the administrative costs of the Department of Education," he said. "In any case, there is no need for the Government to require it to come from the education departments."

"I feel it is totally wrong to break up the Butler concordat of 1944 which set out the dual system of church schools and ordinary schools."

The Duke of Norfolk said he would challenge the Government's claim that the transport clause would have saved £20m. He feels that the various amendments to the original transport provisions must have reduced that to a much lower figure.

Mr Carlisle won cheers from all parts of the House with his announcement, though Conservative backbenchers shouted comments to remind Labour MPs that they were cheering the democratic decision made in a House that they want to abolish.

For the Opposition, Mr Neil Kinnock saw the possibility that the 20 authorities which had "jumped the gun" assumed in the House of Lords that the system, as the Government amended it, would have required many extra staff to administer the charges.

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modest charges for transport they would have to make savings which might be disadvantageous to the people concerned.

Mr Jack Ashley, Labour MP for Stoke-on-Trent, South, was a clear assurance that handicapped children and those receiving nursery education would not be penalized.

"Everyone is concerned about the problems of handicapped children," Mr Carlisle responded, "but I cannot promise what the outcome of my decision will be."

He brusquely rejected a request from Mr Hugh Fraser, Conservative MP for Stafford and Shropshire, that the Government should find the £20m or £30m that was required for school transport. Cash limits had already been fixed, he said.

Lady Young refused a similar request in the House of Commons from Lady Sear, Opposition front bench spokeswoman on education.

Catholics may suffer: It is ironic that while Roman Catholics gave the lead to the Government's defeat on school transport in the Lords, they could now find themselves being asked to pay for their children's transport.

Some councillors are already talking of saving money by doing away with all discretionary school transport. That would mean that children attending church schools who now travel free although it is not their nearest state school, could in future have to pay the full distance-related fare.

## Minister denies delaying report on bright pupils

By Diana Gaddes

Education Correspondent

Mr Mark Carlisle, Secretary of State for Education and Science, denied yesterday that he had withheld publication of a report which shows that bright children do not suffer academically in comprehensive schools.

In a parliamentary written reply to Mr Nigel Forman, Conservative MP for Sutton, Chesham, Mr Carlisle said that there was "no truth whatsoever" in the suggestion that he had withheld publication of the report by the National Children's Bureau.

The research was carried out by the bureau (with a £36,000 grant from the Department of Education and Science), and it was for the bureau to publish the report, he said. A draft was sent to him last August.

In a letter last December to Professor A. H. Halsey, who led the research team, he had said that he hoped the report would be widely read. He understood that the bureau expected to publish it in June or July.

The research is based on 16,000 children born in the same week in 1958, whose progress has been followed since

birth. They were tested in mathematics and reading at the age of 11 and again at 16.

The latest report examines the children's progress in different types of selective and non-selective schools. Children who were in the top 20 per cent of the ability range at the age of 11, made on average the same progress in reading and mathematics over the five years of secondary education, regardless of whether they went to a grammar or to a comprehensive school.

In a letter to Mr Carlisle last November, Professor Halsey, of the Department of Social Studies at Oxford University, said:

"The evidence rules out both the hopes of those who advocated comprehensive schools as the panacea for all educational ills, and the fears of those who opposed them as disastrous 'social engineering'."

"The record of the comprehensives... is much the same as that of other state schools—neither a triumph nor a defeat."

Professor Halsey said yesterday that Mr Carlisle could have made additional funds available to speed publication.

## Benefit cuts 'worse than in the 1930s'

By Pat Healy

Social Services Correspondent

The Government's plans for more severe social security cuts this year than were imposed by the National Government in the 1930s, a noisy rally at the House of Commons was told yesterday.

Mr Frank Field, Labour MP for Birkenhead, told a meeting of more than 150 pensioners and others that they were facing the first real cut in social security benefits for 50 years.

He said that benefit cuts imposed by the National Government were made when prices were falling; they were not real cuts. The Government now planned to cut benefits, with inflation raging, by not raising them enough.

The Government had already given away a "tax bonanza" of £500m, more than a third of which had gone to the richest 7 per cent, Mr Field said. The poorest 10 per cent had picked up only 2 per cent.

"Don't let us have any of this talk about the money not being available," he said to rising cheers. "The money is there to give. I'd like to see those who are already well endowed with the good things of this world."

He was speaking at a meeting called by the National Campaign Against Social Security Cuts to mark the report of the Social Security Bill. The meeting brought in coachloads of pensioners, disabled people, steel strikers and workers from Scotland and Wales as well as the South-east, who made it difficult for most speakers to be heard.

They gave a rough reception to the party Mr Martin Stevens, Conservative MP for Havering, Fulham. When he rose to respond to savage attacks on his party and leaders, a pensioner shouted: "I'd like to see you live on a pension. He spends all his money on beer."

They cheered Miss Ruth Lister, director of the Child Poverty Action Group, when she said that the Bill would make 1,805,000 more people off £19,000 of them by £3 a week. But they were reduced to angry silence when she warned that worse might come.

The Budget may mean another Bill, which could appropriate the £1,000m Social Security Destruction Bill, to end inflation proofing of short-term social security benefits," she said.

She forecast that the reported short-term benefit rates would be increased in November by more than the 5 per cent forecast.



The Archbishop of Canterbury, the Most Rev Robert Runcie, being interviewed by Ursula McLeish, aged 13, and Simon Lovegrove, aged 10, for Will your wife do the dusting? to be broadcast on Radio 4 on Thursday.

## Three legs replace portcullis to mark step towards independence Europe's islands watch Manx liberation

From John Chartres

Douglas, Isle of Man

The golden portcullis—symbol of authority on a customs officer's cap badge, will disappear in a fortnight from the headgear worn by members of the Waterguard Service in the Isle of Man.

To mark another step towards more independence, the portcullis will be replaced by the Three Legs of Man symbol and the surround of laurel leaves by the words "Isle of Man Customs and Excise Service".

From April 1 for the first time in 200 years the Manx nation, which comprises about 63,000 permanent residents, will collect its own indirect taxes as well as levying its own (20.5 per cent) income tax.

A staff of 37 officers, some recruited from the British Customs Service, has been established, and new headquarters are being built on the site of the old steam railway station at Douglas.

The changeover in real terms of variations in rates of duty will be very gradual, almost imperceptible at first, and there is no early prospect of cheap drink and tobacco to lure holidaymakers back from the Mediterranean beaches.

The first changes are likely to be in the field of VAT rates on "non-exportable" services in an attempt to reduce the island's high cost of living.

Any changes in VAT rates will be subject to agreement with the United Kingdom Government, but Mr Peter Raine, chairman of the Manx Finance Board, and Mr William Dawson, the island's treasurer, are looking particularly at the 15 per cent VAT rate on such items as house and car repairs, house extensions and improvements, cinema, theatre and sports charges, and possibly petrol.

There is no intention of creating a barrier between the island and the United Kingdom with British visitors having to pay through customs, but the introduction of the independent service is seen as a springboard from which more control of the island's economy can be exercised.

The island's inflation rate of 20.5 per cent is believed to be the highest in Europe. The Government's June budget in-

creased prices here without conferring any tax benefits.

Hardest hit have been the low wage earners, who do not in any case benefit from the island's own low income tax rates because most of them are exempt from tax anyway. The overall cost of living is more than 5 per cent above that of the mainland.

One of the hidden assets of the new arrangement will be the termination of British VAT inspectors' rights of access to the books of the many finance companies which had based themselves here in recent years and which account for about a third of the island's total income.

They were always seen as a deterrent to the attraction of more such companies in a market which has become increasingly competitive since the abandonment of exchange controls.

Although assurances were always given from London that information obtained by British customs-VAT inspectors would be passed on to the Inland Revenue or other agencies, dark suspicions have

been held that such a thing could easily happen in the computer age.

Manx moves are being watched closely by other island communities in Europe, particularly by Shetland, which sent a deputation to the Isle of Man at the end of last year.

Two other moves towards increased independence are proceeding slowly. The first is to relieve the Lieutenant Governor of many of his administrative responsibilities and of his positions on the Legislative Council (Upper House of the Manx parliament) and on the executive council (cabinet).

With vice-regal status he could give assent to domestic legislation on the spot, an improvement on the time-consuming system of Royal Assent. These proposals have been amicably negotiated with the United Kingdom Government.

Rather less enthusiasm is being shown in Whitehall towards a proposal that might lead to the island wanting to withdraw from the European Convention of Human Rights over the vexed issue of birching.

## Press ban claim by 'Izvestia'

By Craig Seton

Britain has been accused by Izvestia, the Soviet Government newspaper, of a breach of the 1975 Helsinki agreement by barring Russian journalists from visits to Northern Ireland and Rhodesia.

The newspaper said no visas had been issued to a group of Russian journalists to cover the Rhodesian elections and, "in another act of discrimination" permission had been refused for its London correspondent and the London-based correspondent of Tass, the Soviet news agency, to go to Northern Ireland.

The Foreign and Commonwealth Office in London yesterday said British authorities had been unable at the time to make available facilities for interviews the journalists had requested in Northern Ireland and, in the circumstances, they were told it was probably best they should not make their planned visit there.

It confirmed that because of "practical difficulties" no visas were issued to Russian correspondents during the run-up to the Rhodesian elections. The decision was taken by the interim administration under Lord Soames.

Other East European correspondents, notably from East Germany, Hungary, Poland, Romania and Yugoslavia, were among the 600 foreign journalists who covered the Rhodesian elections, but the Foreign Office had denied that the Russian journalists were unable to go because of the British Government's hard-line approach to the Soviet Union over its invasion of Afghanistan.

In its attack on the British Government, Izvestia said Northern Ireland has been effectively turned into occupied territory with English troops terrorizing the Roman Catholic areas.

## End Stormont talks, two of three parties say

From Christopher Thomas

Belfast

Senior delegates from two of the three parties attending the Stormont constitutional talks believe privately that the conference should be wound up as soon as possible.

The Government nevertheless is determined to press on until all 14 items on the agenda have been discussed, which seems certain to take the conference into next month. After that there is a strong prospect that the forum will be adjourned rather than ended.

The leaders of the Alliance Party, and the Social Democratic and Labour Party delegations are convinced that the conference has ended its usefulness and that it could be counter-productive to continue it much longer. The talks, which began on January 7, are clearly in danger of becoming a political embarrassment.

The Rev Ian Paisley's hard-line stand on power-sharing has contributed most to the air of despondency surrounding the conference. The Democratic Unionist leader's apparent new sense of moderation gave cause for hope at the beginning, but two subsequent speeches in the past month have dispelled that optimism.

The main impetus for an early end to the talks evidently comes from the SDLP, the principal voice of Roman Catholic political aspirations. Its delegates are reluctant to see the talks extend beyond the last scheduled meeting on March 31.

The party's views have been expressed privately by senior spokesmen to Mr Humphrey Atkins, Secretary of State for Northern Ireland, who has been chairman at every session of the conference. He is reporting personally almost every week to Mrs Margaret Thatcher, the Prime Minister, whose influence is undoubtedly the driving force behind the quest for political advance.

## Countryman leader to return

By Stewart Tindler

Mr Leonard Burt, assistant chief constable of Dorset, is to remain in operational control of Operation Countryman, the investigation into London police corruption, after a temporary return to his own force. He is expected to return to Countryman in midsummer.

Last month it was announced that Mr Burt, who formed the Countryman team in 1978, was going back to Dorset in May while the deputy chief constable is on secondment to Hongkong. News of the move led to speculation that the return might be permanent because of the difficulties and controversy surrounding the investigation.

In fact, Mr Burt is likely to rejoin the Countryman team in August, which indicates that the investigations, now more than 18 months old, are likely to continue for some time.

So far 10 officers in the City of London and Metropolitan forces have been charged or suspended. Charges against one City of London officer have subsequently been withdrawn and a suspension has been lifted from a Metropolitan officer. In a number of other cases possible dates for commitment hearings are expected to be discussed later this week when the officers appear on remand.

Last weekend Sir Michael Havers, the Attorney General, announced that he and the Director of Public Prosecutions had agreed a scheme to allow officers among the criminal community that they might be framed with false charges if they helped Countryman detectives.

Where allegations of "fitting up" (false charges) were made after a criminal had given evidence or talked to Countryman, the DPP would investigate the allegations.

## Woman freed from jail

One of the fir

One of the first women to be released from jail for perjury, Miss Sharon 21, of Abbey Road, Nottinghamshire, in the police has only six weeks to go.

The Court of Appeal has imposed a 12-month suspended sentence on Miss Sharon, who was arrested in January 1978 and held in custody for 18 months. She was released on bail in May 1979.

Lord Justice O. Palmer has said that Miss Sharon's case was a "classic example of a woman who was misled by a man who was a professional liar."

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## Spending cuts 'threaten million alcoholics'

By Frances Gibb

Britain's one million alcoholics, most of whom are in respectable jobs, are in danger of ending up as "street doers" because government cuts are threatening to cause the closure of much of the country's largest network of rehabilitation centres for alcoholics and drug addicts it was claimed yesterday.

The warning came from the London-based Turning Point (formerly Helping Hand), a voluntary organization whose 17 hostels help about 400 alcoholics a year, most of them home-based.

Mr Brian Arbery, chief executive of Turning Point, said in London: "The idea that alcoholics are all dossers is totally wrong. They are only a tiny fraction. Many are in such jobs as chartered surveying or the Intelligence Corps. Most of the street dossers began with a secure, respectable background."

The organization's main London drug addiction centre, the Hunterdon Centre near Piccadilly Circus, which helped more than 230 addicts last year,

would close by the summer unless the £8,000 it needed was found.

"It would not be too alarmist to talk about a big collapse. All support for drug addicts is voluntary and these organizations are being hit hardest," Mr Arbery said.

The bulk of the organizations' yearly running costs of £500,000 came from central and local government, but more than half the local authorities were failing to meet their financial commitments to fund the centres.

"If you are an alcoholic, whether you receive treatment will depend on where you live. We have been a shuttlecock between central and local government for a long while. Neither wants us. We go back and forwards and in the end it is the client who suffers."

Mr Arbery called on the Government to compel local authorities to meet their responsibilities or provide cash. It costs a local authority £40 to place someone in one of Turning Point's hostels, but a prison

place costs £100 a week and a hospital bed £300 a week.

Alcoholics and drug addicts not catered for would be forced back on the hospital and prison service. About one third of criminal offenders had drink problems.

Dr Brian Hore, vice-chairman of Turning Point and a psychiatrist specializing in alcoholism, said that the money could not be obtained elsewhere. "We do not attract donations, in the way that heart patients or spastics do. The attitude persists in this country that these people are in this position through their own fault."

The organization said that alcoholism was on the increase. It expected the problem to grow, particularly among women. There were two or three women with a drinking problem to every five men compared with one woman to five men 10 years ago.

There were 600,000 alcoholics in England and Wales which was 2 to 3 per cent of the adult population. In Scotland, 10 per cent of men in some cities had a drinking problem.

Higher tax urged: Doctors

yesterday called on the Chancellor of the Exchequer to impose much higher taxes on alcohol to counter an epidemic of drink-related disorders (the Press Association writes).

The Faculty of Community Medicine of the Royal Colleges of Physicians of the United Kingdom said that in real terms the price of a bottle of whisky was one third the price it was 30 years ago.

The Government must take direct action through taxation. Raising step by step the relative price of wines and spirits should be part of the overall strategy to reduce consumption.

The faculty said that £23m or 1 per cent of the tax raised on drink last year should be spent on health education against alcoholism: advertising alcoholic drinks should be allowed at the point of sale only; and special attention should be paid to groups of people prone to drink problems: entertainers, services personnel, journalists, doctors, brewers and publicans.

## Human error caused n death from gas fumes

Human error after the instal-

lation of a gas central heating system led to the death of a former Army sergeant, it was stated at an inquest in Newcastle upon Tyne yesterday.

Mr William Walker, aged 53, died at his home in Pease Avenue, Fenham, Newcastle, in January, his wife, Elizabeth, and two children in the house, Lorraine, aged 16, and Anthony, aged 7, were treated for carbon monoxide poisoning.

Mr John Gray, director of housing for Newcastle, said that central heating had been installed in the council house during modernization in 1972, but the gas board had not been notified by the council and so the house was not on the board's list for an annual service.

"It is not possible to explain why this is," Mr Gray said. Human error could be assumed. "Something in the sequence of events shows that the works department notified the central office, but the information was not passed on to the gas board."

If the gas board had been told, about seven vicings would have occurred over the year said. Mr Brian Rudd, services assistant at Gas, said that there was restriction to the boiler was in an ext condition.

Mrs Walker told that her husband su a heart death the spent a night in hos ing. On the day of she had come down living room and Lo in the kitchen.

Dr John McQuinn 45 per cent saturation monox in Mr Wal had caused his death would not necessari to a normal healthy. Mr Patrick Cuff, it recorded a verdict of death. The public of sure that gas appli serviced regularly.

## £1m re to custo after in deals

By Robin Young

Consumer Affairs Correspondent

Consumers have secured refunds of more credit and rent which had been fairly, the Office revealed yesterday.

Mr Gordon, general of tax to compensation to more who had "was a bit of a spin-off" in the Commons 1974.

The license heavily criticized a wasteful bureaucracy, revealed a discreditable, oppressive and improper of the claimed. His three licenses persuaded parties, to make clients who had t.

Mr Barrie said to publicize ex reading to the deals they might scrupulous credit as guidance on what is consid able.

The examples of lag interest on had not been and interest rates a maximum, falling tomers accurate about the dura loans, and selling rendered under- minization of of customers at low pri customers with pay even after their cars, down repaid instalment.

In one case queried the figure had been decided to red loan arranged th company. It acknowledged th figure had been the use of an inco progress had been other customers.

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## THE NEWS

## Coal board calls for Vale of 'unnecessary'

**Correspondent**

The coal board's largest market, coal for electricity generation, was bound to decrease as the nuclear programme got under way. He was sceptical that the board would find new markets for coal as a substitute for expensive oil.

Mr Manners also said energy conservation would reduce fuel demand drastically. "While the nuclear conservation effort will obviously be directed towards the consumption of oil, there can be little doubt that the same policies will also affect the demand for electricity and coal," he said.

He claimed it would be better to import coal than develop new indigenous reserves as an insurance policy in case the nuclear programme fell behind. He was adamant that greater productivity and investment in existing mines could supply all the coal needed up to 1990 and very probably beyond the turn of the century.

He added: "If the promoters have proved to be wrong then the country will have just certain irreplaceable environmental assets in north-east Leicestershire, it will have unnecessarily sunk a large sum of scarce public capital in a badly timed mining venture. It will be faced with a surplus of coal-mining capacity, it will be required to close down rapidly and prematurely many relatively small pits in other parts of the country and it will have to face the social disruption that such a course of action would entail."

The inquiry was adjourned.

## State funds sought by National Gallery

**By Kenneth Gossling Arts Reporter**

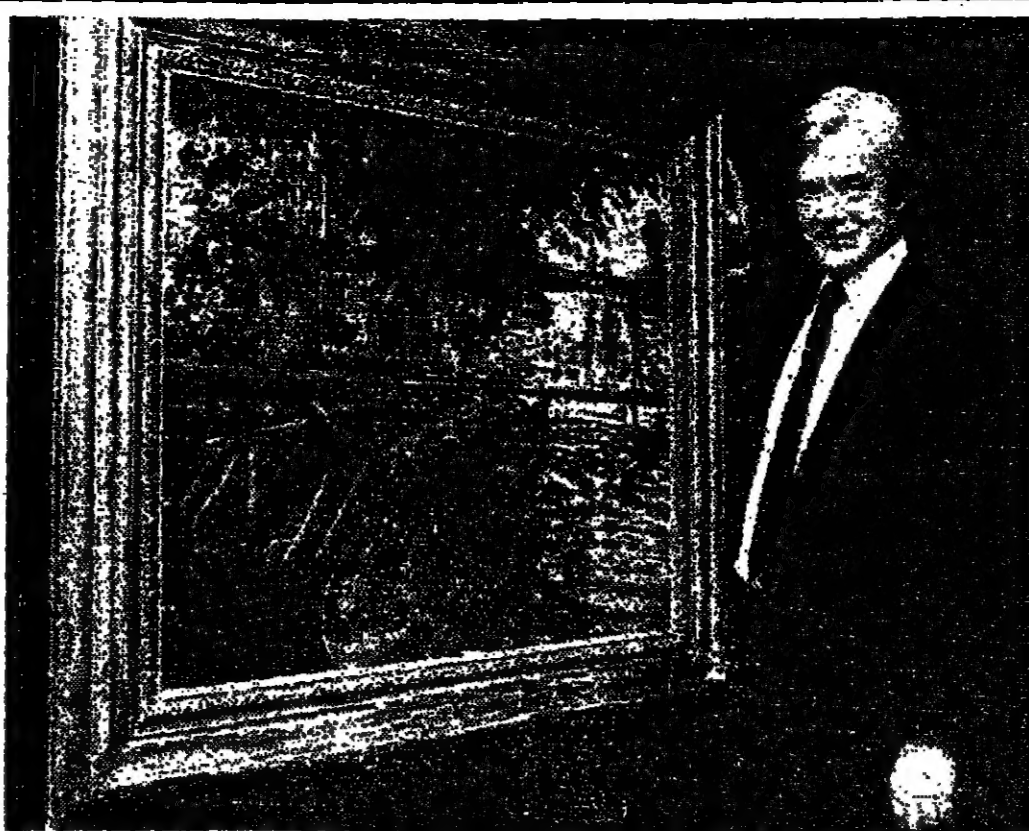
An appeal for Government support for the National Gallery's building programme and for money to continue improvements to the air-conditioning on which the survival of paintings depends was made yesterday by Professor John Hale, chairman of the gallery's trustees.

Professor Hale said that the gallery did not claim immunity from cuts and private sponsorship had to be sought for some projects such as a new lecture theatre and a computerized information centre that could give the gallery an international lead in that field.

He said: "We must argue as strongly as possible for money to continue the air-conditioning programme already agreed for the east wing. Work on three rooms, one only a small one, will be completed this summer. Three or four more could be air-conditioned from the same plant. This must go forward."

Society had incurred an obligation that must be honoured before it was too late. "It is surely nonsense to speak of preserving a heritage when its retention could be more damaging than its flight to a better environment elsewhere."

Professor Hale was speaking on the publication of the gallery's report covering the two years up to last December. Further reference to the threat



Professor John Hale, who will retire in the autumn as chairman of the National Gallery trustees, with Monet's Bathers at La Grenouillere, a recent bequest to the gallery.

to the building programme is made in the trustees' report, which says that plans for the rational hanging of the collection and the educational and auxiliary services are imperilled. "This is a hazard we share with all institutions dependent on the priorities decided upon by government in a period of retrenchment; we cannot protest at a curtailment of convenience or of creative pleasure—even though its fostering in times of stress might be thought to merit encouragement," the report says.

The projected move into the National Portrait Gallery's premises next door was also mentioned by Professor Hale, who said that the cost of the portrait gallery's new building would be high. Nothing had been heard from the Government, but he hoped that the move would be accomplished by the end of the decade.

The National Gallery exhibited or sent out on loan all its 2,000 paintings. All could be seen by everyone.

*National Gallery Report, January, 1978–December, 1979; (Publications Department, National Gallery, Trafalgar Square, London, WC2 5DN; £1.25).*

## Better design 'could save 60% of car fuel'

**By Peter Waymark Motoring Correspondent**

Improvements in the design of cars could produce fuel consumption savings of at least 60 per cent, according to a report by the Government's Transport and Road Research Laboratory which was published yesterday.

Such improvements would mean the average car returning 50 miles to the gallon, compared with 30 miles per gallon today. The average motorist, with an annual mileage of 9,000, would save 120 gallons of fuel a year, equivalent to about £150 at today's petrol prices.

Although the report does not express the views of the Government, official concern about energy-saving means that it is bound to be studied closely. Since the private car consumes more than half of road transport fuel, the report says, it must be a prime target for conservation measures.

The report claims that its proposed improvements are "fairly modest" and that some authorities have suggested that even greater gains are possible. Even so, a 60 per cent saving in average consumption is far in excess of the 10 per cent to which car manufacturers have committed themselves by 1985.

The biggest single contribution to better fuel consumption would be a change from petrol engines to higher efficiency units like the light-weight diesel. The report gives as an example the diesel-engined version of the Volkswagen Golf car which gives up to 70 per cent better economy than the petrol model.

The report says that drivers, too, can help fuel economy. Good driving habits like moderate acceleration, anticipation of braking and travelling at modest speeds can bring fuel savings of between 10 per cent and 15 per cent.

Better traffic management in congested urban areas can increase average speed and reduce fuel consumption by replacing stop-start travel by a smoother flow.

## Ladbroke's to pay costs

Ladbroke's was ordered yesterday to pay costs incurred by the Metropolitan Police and the Gaming Board in resisting its unsuccessful High Court appeal against the refusal of Knightsbridge Crown Court to renew gaming licences for three West End casinos.

An application by the Playboy Club, which had objected to the renewal of Ladbroke's gaming licences, for its appeal costs to be paid by that company, was rejected by Lord Widgery, the Lord Chief Justice and Mr Justice Mars-Jones in the Queen's Bench Divisional Court.

Mr Victor Temple, for Ladbroke's club operators, Ladbroke Ltd and Hyde Park Casinos, had earlier told the court that they were willing to pay the police costs. Total costs of the High Court hearing are unofficially estimated at £20,000.

Ladbroke's is referring last week's dismissal of its appeal to the Court of Appeal.

## es route on orries

**Correspondent**

County Council's and transportation decided yesterday to legal ban on heavy lorries using the A391 wick road in the National Park as route.

will be imposed by lorries over three using the section rasmere and Thirt-r for those having the park.

sion ends an eight-ign by residents to ban, not only for but for tourists. in the public gal-council chamber to hear the decision.

rh Water Water the Lake District gaming board and societies had all the county council wanted a legal ban of a voluntary fished Jonling, Gov-hief Whip and MP orland, also wrote them.

nwen Nixon, who led for a legal ban and a lorry count that voluntary ban had l, said afterwards she ted with the support ceived from residents Bors.

## New scheme may save West Water

**From Our Correspondent Whitehaven**

Whitehaven's deepest lake, West Water, could be saved from a controversial plan by British Nuclear Fuels to raise its level, providing more water for the Windscale nuclear plant.

The scheme is one of the applications being considered by the "two lakes" inquiry at Whitehaven, the other being a similar proposal by the North West Water Authority to raise the level of neighbouring Ennerdale.

When the inquiry entered its eighth week yesterday after an adjournment of a fortnight, the water authority revealed that it was giving preference to a third scheme known as Ennerdale 2. That would cater for its own water needs and the requirements of BNFL.

The authority also said that Mr Michael Heseltine, Secretary of State for the Environment, has agreed that the Ennerdale 2 scheme should be formally considered at the present inquiry. If the scheme goes ahead, it would leave West Water unaffected, with BNFL receiving the high quality water it needs by direct pipeline from Ennerdale to Windscale.

The water authority spokesman said it thought its original Ennerdale scheme was the best, but it accepted that the additional cost it would mean to BNFL for West Water, about £15m, was not justified.

## ef road objectors 'help age the environment'

**Baily Correspondent**

Environmentalists "have damage the environ-laying much-needed relief roads, Mr illingsworth, director of h Road Federation amage inquiry into d the Environment

more than 500 by-waiting to be built-grown said in oral to the inquiry. Im-benies like the M40-which would relieve 2 towns and villages being of huge benefit ds industry, were

classic cases of delays by objectors.

The disclosure to Parliament last week that road-building was now running at half the 1975 level and a third that of 1970 shows the "folly" Mr Phillips said.

"The fundamental truth is that the jury has brought enormous benefits to our society and the economy as a whole," Mr Phillips said.

"Increasing use of lorries merely reflects today's high consumer demand for goods. Protecting the advantages of road transport while mitigating environmental intrusion must be our aim."

## er who shot dead his children goes free

**ring and devoted**

o shot dead his two idren in their beds iree from Bodmin urt yesterday. It was Peter Stephens, aged ner Jockey, has also to shoot his wife, d himself, but she she shotgun from him. shens denied murder-children. Lorina aged, Simon, aged five, at e in Tower Road, and his pleas of manslaughter on the f diminished respon-are accepted. He was probation for three Mr Justice Park on that he receives c treatment.

r Smythe, QC, for the n, said Mr Stephens, to be a successful uried in 1963, settled ng instructor in New- became a loving and other.

But money and business worries mounted, and he was neither eating nor sleeping properly and had become withdrawn. On the morning before the killing, a bank clerk telephoned him about a £250 overdraft. Then in the evening came two television news items which he told his wife and later the police, had upset him considerably. One was another rise in the mortgage rate and the other was the news of Professor Anthony Elms' treachery, Mr Smythe said.

After a sleepless night, Mr Stephens took the gun and four cartridges from a cupboard, went into the children's bedroom and shot them.

The court heard that three psychiatrists, two for the Crown and one for the defence, agreed that at the time of the killings Mr Stephens was suffering from an abnormality of the mind sufficient to substantially impair his responsibility.

## killed by plank

der Lewis Thomas, a retired Royal Navy of Hawtley, Liss, c, was killed when he ed through the chest car hit a stationary ed with planks at the A3 at the Duff's d, Hinchard, Surrey.

## Reporters share award

Mr Murray Ritchie, a reporter for the Glasgow Herald and Miss Margaret Milne, a reporter for the Glasgow Evening Times, jointly won the Scottish Journalist of the Year Award in the first annual Fraser Press Awards.

# Cheap energy is a thing of the past. So here's some advice for the future.

For several years now domestic gas consumers have enjoyed something of a bargain. In a decade of soaring inflation, the price of gas in real terms has fallen by about a third. The promise of North Sea gas has been and will continue to be fulfilled.

But, as announced in January, our customers are going to have to pay more for their gas in future. The price will go up by an average of 17 per cent from April 1 and further increases will follow this year and in the next two years.

Gas will remain a good buy compared with other forms of energy for the foreseeable future, even though the age of cheap fuel and power has gone for ever.

Fortunately, however, most people can do quite a lot to protect the family budget against the effects of these inevitable price increases.

Here are some simple ideas which will help you save gas—and save money into the bargain; and some ways to spread the cost of your gas more evenly over the year.

## MONEY SAVING TIPS... AND HOW WE CAN HELP

### Stop Obvious Heat Losses and Wastage

- \* Keep doors and windows shut.
- \* Keep curtains drawn where possible.
- \* Turn heating off in rooms not in use.
- \* Use weatherstripping to stop draughts round doors and windows.
- \* Don't waste hot water.
- \* Dress sensibly—don't sit in your shirtsleeves with the heating on full blast when a sweater would keep you just as warm.
- \* Make sure your hot water cylinder's properly lagged with a thick, snug-fitting jacket.

### Use Your Central Heating Controls Sensibly

- \* Turn your thermostat down a degree or two. The chances are you'll hardly notice the difference—but you'll be saving money. (Where there are elderly people or young babies, special care should be taken in making temperature reductions.)
- \* Use your time clock properly—there's no sense in heating the house when there's no one home.

### Insulate Your Loft

- \* If your loft isn't insulated, you could be losing up to a quarter of your heat straight through the roof.
- \* Insulation doesn't cost the earth—and you may even qualify for a local authority grant.

### Have All Your Gas Appliances Serviced Regularly

- \* Keeping your gas appliances in top working order can help them to work more efficiently.

### Energy Conservation Advice and Materials

- \* Gas showrooms have free leaflets giving more detailed advice on how you can avoid wasting gas in your home. We also have Energy Advice Centres, where you can obtain information and buy insulation materials and up-to-date energy saving controls for your central heating.

### We Can Help To Spread The Cost

- \* Ask at your gas showroom for details of our Easy Payments schemes, which include special Gas Savings Stamps and Budget Billing methods which allow you to pay a regular amount each month.

### In Cases of Real Hardship

- \* If you face genuine hardship over the payment of your gas bills, you should get a copy of the Code of Practice on the payment of bills—it's available at your gas showroom. It tells you what to do and how you may be able to obtain help if you are in genuine need of assistance.

**BRITISH GAS**

# Don't waste your energy







## European national synod convened by Pope

Cardinal Jan Willebrands, the head of the Secretariat for Christian Unity, is at present in the Soviet Union at the head of a delegation for theological discussions with the Orthodox Church, and may have the opportunity of discussing with his hosts the Ukrainian situation.

Latin Mass: In a move towards accommodating traditionalists, the Pope told bishops today to respect the desire of Roman Catholics who want Mass said in Latin, which he called "the splendid language of ancient Rome."

In a 30-page letter made public in Rome by the Vatican, the Pope warned the faithful against attempts to "desacralize everything", and called for an end to divisions over church liturgy, or the prescribed form of worship.

"Above all, I wish to emphasize that the problems of the liturgy, and particularly of the Eucharistic liturgy, must not be an occasion for dividing Catholics and for threatening the unity of the church," he said.

Traditionalists, like Archbishop Marcel Lefebvre, celebrate the Tridentine Mass, which is said in Latin instead of the local language, and is no longer the officially recognized liturgy since the Second Vatican Council.

The use of Latin, however, has always been allowed and Mass at St Peter's basilica is often said in this language.

## Britain left the M Chirac says

French Foreign Minister, M Chirac, the Gaul, said on television that it was time for France to leave the community.

On the "Cartes sur table" programme, on which M Chirac last week, M Chirac said that this could be a "renewal" between France and the community.

He said this would mean that Giscard d'Estaing, the President, had a character and will to find a solution. He said that this was the view of M Chirac.

He started off very strongly, saying that the European policy is being changed by Great Britain. He said that the European policy is being changed by Great Britain.

He said that the European policy is being changed by Great Britain. He said that the European policy is being changed by Great Britain.

## est crowd pleased by on court's decision

Murray, 18, was released by a British court yesterday after a ten-day trial. The trial had been a ten-day trial. The trial had been a ten-day trial.

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The trial had been a ten-day trial. The trial had been a ten-day trial. The trial had been a ten-day trial.

## o force rehearses defence of Britain

Norway, the largest Nato exercise in the North Atlantic, is now being held in which has a 120-mile front. The Soviet Union, there are two Soviet units, including 3 Marine units, taking part in the exercise.

The exercise is a rehearsal for the defence of Britain. The exercise is a rehearsal for the defence of Britain.

The exercise is a rehearsal for the defence of Britain. The exercise is a rehearsal for the defence of Britain.

The exercise is a rehearsal for the defence of Britain. The exercise is a rehearsal for the defence of Britain.



The fallen: Headstones at the British military cemetery near Cologne lie broken and strewn by unknown vandals. About 40 graves of Second World War soldiers were damaged, apparently by a bulldozer. In West Berlin, 72 tombstones have been overturned at the Frohnau municipal cemetery. Nazi slogans and symbols were written on 20 of them during the night.

## France delays Bill to curb the guillotine

From Charles Hargrove, Paris, March 18

The guillotine has still a lot of life in it, a Paris afternoon newspaper remarked grudgingly, after the statement by M Alain Peyrefitte, the Minister of Justice, to a meeting of judges at the Versailles Court of Appeal yesterday.

The minister declared that after the recent series of gruesome murders, which had provoked widespread public indignation, it was too early to introduce a Bill in parliament for the partial abolition of the death penalty. The bill was ready, but the time was not ripe.

The Government promised last year that the Bill would be discussed by parliament in the spring session. But a Ministry of Justice spokesman said today that the general debate in the National Assembly and the Senate has shown that people's elected representatives are deeply divided on the issue, while many opinion polls showed that the vast majority of the French people remains opposed to abolition.

He denied, however, that discussion of the Bill would be postponed until 1981—after the presidential elections in June, it was generally assumed, for obvious political reasons.

M Peyrefitte repeated the argument he has frequently used that so grave a question could only be discussed by parliament when passions had subsided and public confidence had been restored. But the abolitionist content, with some justification, that this amounted to postponing it indefinitely, since both conditions are never likely to be met fully; and that it is for the Government and parliament to lead public opinion in this matter, not the other way round.

The proposed Bill, in any case, makes substantial concessions to public opinion. In the first place, it does not abolish capital punishment outright, but maintains it for particularly heinous crimes, like the murder of hostages, of policemen and old people. Secondly, it reinforces alternative penalties, by making life imprisonment truly lifelong instead of 20 years or so at present, with remissions of sentence for good conduct; and lastly, it would be introduced for only a five-year trial period.

M Philippe Seguin, a leading Gaullist supporter of an abolition Bill adopted last June by the legal committee of the National Assembly, declared today that the minister's argument was a poor opinion of Frenchmen.

It also showed a determination to change nothing in an inalterable situation illustrated once more by the verdict in the Garreau affair (concerning a man sentenced to two months' imprisonment for a crime committed within 25 years, first sentenced to death last year, but commuted to a retrial last week to life imprisonment).

The death penalty, he added, was now nothing more than an alibi for an ill-adapted judicial system.

M Peyrefitte, in his statement yesterday, referred implicitly to the Garreau affair. There was a contradiction, he said, between the view of the people in favour of capital punishment, as expressed in opinion polls since 1970, and the repeated decisions of juries, which are nevertheless the reflection of this same people.

## Attempt to escape by car to West Berlin foiled

From Our Correspondent, Berlin, March 18

An attempt by a West German driver to crash through the barrier of the Drezow checkpoint leading to West Berlin was foiled by East German border guards last night, the East German news agency ADN reported today.

According to eyewitnesses, the guards discovered a woman hidden in the car boot after seizing the driver.

Meanwhile at Bernauer Strasse in the north of Berlin, which forms the border between the two parts of the city, East German workers began erecting a new wall under the watchful eyes of border guards. It is the third wall there, each of them about 17m high. Between the walls there are rank obstacles and mines in the so-called death strip.

It is being assumed that the facades which remained after the houses had been demolished on the East Berlin side of the border will be removed once the new wall is completed. Several East Berliners jumped out of the windows of those houses into West Berlin after the building of the first wall. Some of them met their deaths there.

Simple crosses and small plaques remind passers by of the victims of the wall.

## Lingering bitterness of Algerian war shown by rival ceremonies

From Charles Hargrove, Paris, March 18

Like the German occupation, the scars of the Algerian war are by no means healed yet. It has branded a whole generation of Frenchmen old enough to have lived and fought through it.

The controversy over the date, March 19, when the cease-fire ended ten years of bitter conflict, illustrates the depth of feeling it still rouses in France.

The National Federation of Ex-Servicemen in Algeria, Morocco and Tunisia, has called all its members to a ceremony of remembrance at the Arc de Triomphe tomorrow evening. M Wladimir Marek, the president, points out in an article in *Le Monde* today, that more than 800 municipalities of all political complexions throughout the country have officially recognized the anniversary of the end of the Algerian war.

His federation wants the Government to take the same step. He says that more than 30,000 young Frenchmen died in that war and it was only last year that the survivors were officially granted the status of ex-servicemen.

The reason is not far to seek. An action committee seeking respect for the memory of civilians and military who died for French Algeria will, it announced, hold a press conference tomorrow.

It will condemn the "dishonour" of commemorating what it describes as a "political defeat", and hold a counter-demonstration at the Arc de Triomphe on Saturday.

The committee includes such prominent personalities as M Jacques Soustelle, a former Minister of General de Gaulle and Governor-General of Algeria, M Pierre Poujade, founder of the small shopkeepers' movement, M Michel de Saint Pierre, the writer, and M Leon Delbecq, the former spokesman of the Committee for Public Safety of French Algeria.

The committee has issued a statement saying that it is "shameful to glorify the loss of 15 French departments, the beginning of the massacre of 100,000 Muslims loyal to France, the announcement of the hunting down of Frenchmen in Algeria, and the start of an exodus of a million French citizens in appalling conditions. The National Federation of Ex-Servicemen in Africa, the independent right-wing daily, *L'Aurore*, says, has been infiltrated by the communists and means to celebrate the anniversary of the victory of the Algerian National Liberation Front, and therefore the defeat of France.

For good measure, another committee intends to celebrate next May and June at Toulon the 150th anniversary of the landing at Sid Ferruch, near Algiers, of the French expeditionary corps under General de Bourmont, which was the starting point of the whole Algerian adventure.

The Government does not intend to get involved in this ne w episode of what President Giscard d'Estaing has described as the Franco-French war. The Minister for Ex-Servicemen said in a letter to the National Association of Ex-Servicemen of Algeria that he would neither take part in the celebrations of March 19 nor put any obstacle in their way.

He points out that President Giscard d'Estaing and the Government fully approve the commemoration of the dead of the Algerian war.

But the different associations of former servicemen must first agree on a date.

## Magistrate murdered by terrorists on city bus

From Our Correspondent, Rome, March 18

Terrorists claimed their fifth victim in Italy's judiciary today when four years when Signor Girolamo Minervini, aged 60, a magistrate at the Court of Cassation, was killed on a bus in Rome today on his way to work.

Police said four youths boarded the crowded bus with Signor Minervini and one of them fired up to seven times as they stood by him. Three passengers were slightly injured. A telephone call from the Red Brigades subsequently claimed responsibility for the murder.

Signor Francesco Cossiga, the Prime Minister, immediately went to the scene.

The dead magistrate had a personal bodyguard in his last post, which was with the prison service, but has been without one since joining the Court of Cassation, Italy's highest court of appeal.

The Red Brigades have also claimed responsibility for killing Signor Nicola Giacomini, the chief public prosecutor in Salerno, on Sunday evening as he returned home with his wife from visiting relatives.

The offensive against the judiciary started in May, 1976, with the murder in Genoa of Signor Francesco Cocco, the chief public prosecutor, his bodyguard and driver. An alleged member of the group involved in those killings is on trial in Genoa.

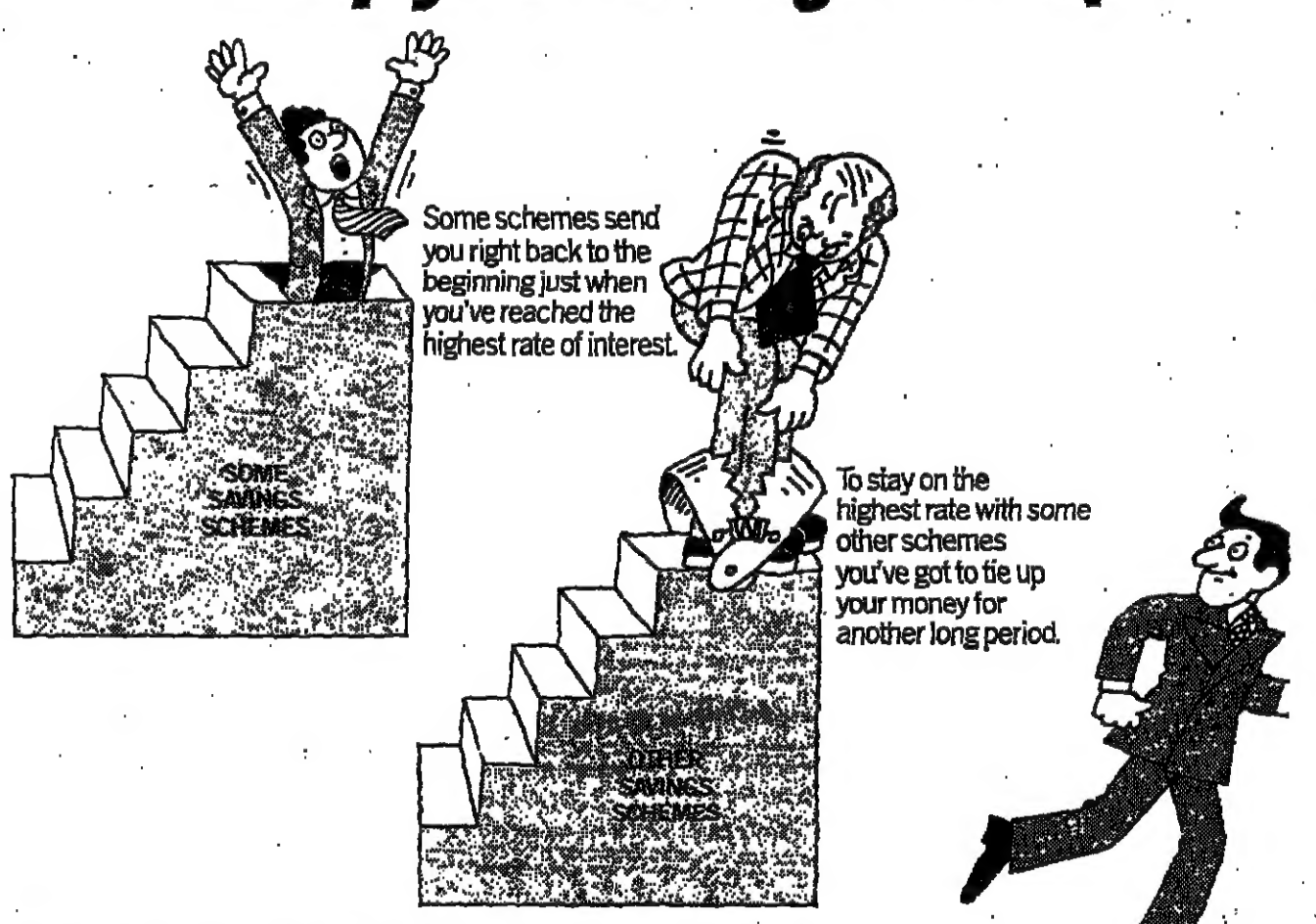
The most senior judge to have been killed was signor Vittorio Rachelet, the deputy head of the Supreme Council of the Magistracy, who was murdered in Rome on February 12.

Justice already functions slowly. To strike fear into the judiciary, as well as politicians and industrialists, is evidently part of the terrorists' strategy for destabilizing the state.

## Six killed in Turkey

Ankara, March 18.—Political violence in Turkey has claimed six lives in the past 24 hours. The deaths were in five separate incidents.

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## OVERSEAS

## US 'intrigues against Olympics' will fail, Moscow asserts

From Michael Binyon  
Moscow, March 18

The Moscow Olympics will go ahead this summer, the Russians asserted defiantly today, in spite of what they called the "intrigues of the enemies of the Olympic movement".

A lengthy leading article in Pravda called the movement to boycott the games an "unconscionable interference in sport". The sole aim of the movement, it said, was to bolster President Carter's personal ambitions and ensure his reelection.

"In Washington it is no secret that the campaign to wreck the Olympics is being conducted purely for political purposes. Carter and his team do not need rapprochement between peoples and nations, which is promoted by the Olympic movement, but spolia, dissimilarity and tension."

Pravda did not refer directly to the Geneva meeting called by the United States, Britain and Australia to discuss an alternative sporting competition, or to the fact that Parliament's vote for a boycott last night.

But it accused Mr Lloyd Cutler, the White House adviser at the talks, of intentionally misleading sportsmen by trying to convince them that the Carter Administration's venture could replace their participation in Moscow.

The paper accused Washington of subjecting countries, governments and athletes to "rude pressure and blackmail". It said threats were being made to refuse passports for trips to the Soviet Union, to ban leave and to prevent members of Olympic teams going abroad.

"Such are human rights and freedoms American style! This is what stands behind the American Administration's prattling about civil rights!"

Pravda said that since the start of the modern Olympic movement, its organizers had tried to prevent individuals or

governments from using the games for political or commercial benefit. That was fully supported by the Russians. "If sport is turned into a survivor of politics, this spells an end to the Olympic Games and international sports in general."

The stand taken by the American Administration was described as a caricature. Pravda noted that the president of the United States Olympic Committee had commented on President Carter's remark that his position on the games was irreversible, by saying that nothing was irreversible but folly and death.

The paper also accused the Administration of mixing sport with a policy of undermining détente and cooperation in international affairs.

Meanwhile, a Tass report from Dublin quoted the president of the Irish Olympic Committee as saying that the decision to offer the services of the Irish Olympic team to British athletes in Moscow was a "natural step within the Olympic movement".

The Irish athlete is Mr Alexei Shkurmin, a leading Soviet karate official. He has been offered as a replacement for Mr Douglas Marshall, the misleading sportsman who is to be recalled from Moscow, and has just returned from Ireland and Britain where he had discussions with Olympic officials.

Tass today reported a press conference given in Paris by Mr Vladimir Popov, the deputy chairman of the Soviet organizing committee, who said the present Geneva conference was "but one of the episodes of the general anti-Olympic show".

He added: "We are convinced that the projects under discussion in Geneva will not enlist any international support since they utterly contradict the Olympic Charter and the traditions of the sports movement."

Leading article, page 15

## Round-up of dissidents in Soviet Union continues

From Our Own Correspondent  
Moscow, March 18

The wave of arrests of dissidents and malcontents in and around the five Soviet cities where Olympic competitions are to be held this summer shows no sign of dying down. A leading Estonian dissident who recently called for the games to be moved from Moscow has just been arrested, his wife told Western correspondents.

Mr Jurj Kukb, a former Communist Party member and lecturer in chemistry at Tartu University, was picked up by police in Tartu and is now presumed to be in Tallinn, the Estonian capital and site of the Olympic yachting competition.

Mr Kukb has signed several open letters of protest this year, including a call for the transfer of the games from Moscow in protest against Soviet annexation of the Baltic states in 1940.

He lost his lectureship in 1978 after renouncing his party membership, and his friends now expect him to be charged with anti-Soviet slander.

## Sino-US plans to bolster Asia against Russians

From David Cross  
Washington, March 18

Mr Cyrus Vance and other senior State Department officials have begun talks with Mr Zhang Wenjin, the Deputy Foreign Minister of China, on ways of responding to the Soviet occupation of Afghanistan.

Well-informed officials described the 10-day visit by Mr Zhang, as a logical follow-up to the January talks in Peking between Mr Harold Brown, the defence Secretary, and Chinese leaders. Mr Zhang is the most senior official from Peking to visit the United States since Mr Deng Xiaoping, the Vice Premier, came here just over a year ago.

The latest round of talks is expected to focus on parallel steps that Washington and Peking can take to strengthen Pakistan and counter Soviet expansionism in South-West Asia. The Soviet Union has reacted angrily to the visit by claiming, in Radio Moscow broadcasts, that the United States and China are doing all they can to hamper peace in Afghanistan.

As the talks opened in Washington, the State Department gave its final approval for

American manufacturers to sell various kinds of military support equipment to China, including cargo aircraft, early warning radar systems, trucks and training equipment.

The Administration's original agreement to sell Peking certain "carefully selected items of support equipment also suitable for military use" was announced in January after Mr Brown's visit to Peking.

It was formally approved yesterday when the State Department began printing instructions to manufacturers outlining details of permissible sales. Any order totalling more than \$7m (about £2.2m) will have to be approved by the State Department and orders exceeding \$25m can be vetoed by Congress under certain conditions.

In a separate development, 1,800 marines sent by the Pentagon to the Indian Ocean for patrol duty have now arrived in the Gulf region. The marines, who were dispatched from the Philippines area last month, are part of an amphibious task force of ships equipped with helicopters, tanks, assault vehicles and anti-tank weapons.

The arrival of the force brings the number of American naval forces in the Gulf area to 24,000 men.

## Government admits money blunder

By Fred Emery  
Political Editor

As formally noted, the British Olympic Committee of the Commons vote, by 315 to 147, calling for a boycott of the Moscow Olympics, the government yesterday had to rectify yet another ministerial blunder in the affair. Its effect was to reverse an assertion that the government could control private means.

The issue was money collected voluntarily by servicemen's organizations for the British Olympic Committee. There had been some disarray at the end of Monday's Commons debate when Mr Michael Heseltine, Secretary of State for the Environment, had announced that such funds could be used by the BOA "but not as part of the cost of going to the Moscow Olympics". That statement was

yesterday quietly pronounced "inoperative". Since the government cannot, as was made actually clear, the debate, actually take action against individual athletes in the matter, it can no more interfere and prevent the use of private funds for the purpose for which they were collected.

In Mr Heseltine's defence, it was observed that he had been speaking on the incorrect advice of another department, in this case the Ministry of Defence. However, other ministers were worried at this turn of events, and Mr Francis Pym, Secretary of State for Defence, was said to be party to yesterday's reversal to release the funds to the BOA.

The government's interference in the fund raising came to light at the instigation of Mr Denis Howell, the Labour

Lady Soames a source of comfort and support to her husband in his immensely difficult task

## Governor's wife charmed Rhodesia's leaders and helped the child

From Nicholas Ashford  
Salisbury, March 18

The cheers that rang out in the House of Lords yesterday for Lord Soames, Governor of Southern Rhodesia, should also be directed at Lady Soames, who has stayed with her husband in Salisbury throughout his difficult three-month interregnum.

She has been a remarkable success as the Governor's lady. She has humoured the over-worked officials who struggled to keep the British Administration from floundering on the rocks of Rhodesian politics.

She has charmed Rhodesian leaders of all colours and differing political persuasions, not to mention the stream of observers and diplomats who attended the Rhodesian election.

She has also provided good food and good company to those members of the Commonwealth Monitoring Force and press corps who were fortunate enough to be invited to lunch or dinner at Government House.

Above all, however, she has been a source of comfort and support to her husband as he performed the immensely difficult task of trying to run a country, an election and a ceasefire all at the same time.

Lady Soames admits she came

out to Rhodesia with considerable trepidation. "I did not know what I, as the Governor's wife, could or should do", she said during an interview in her elegant but homely drawing room at Government House.

"There was no real precedent for me to follow because my husband had come to Rhodesia in such extraordinary circumstances. I was also not sure how welcome I would be. I knew that some Rhodesians held strong feelings about not wanting us here."

However, she was determined to make as much use of her time in Rhodesia as possible. "I did not just want to sit in an ivory tower", she said. So, following an interview in the local paper which helped to open a few doors to her, she went around meeting as many people as she could.

Since her arrival in Rhodesia she followed a busy schedule of visits to schools, orphanages, refugee camps and training centres as well as official functions she had to attend with her husband. It has been a very varied three months.

Last week, for instance, she found herself having to address



Lady Soames: Met as many people as she could.

900 Zipra guerrillas at Assembly point "Mike" near Lupane, in western Rhodesia, where she had gone to inspect a German field hospital.

"General Dabengwa (the Zipra commander) suddenly marched me into the middle of the parade ground and asked me to say a few words to his men. I felt very nervous, just

like a jockey before Beecher's Brook. But it seemed to go down all right."

She was very impressed with Zipra's drill, which is praised indeed coming from someone married to a former guards officer.

This week Lady Soames is entertaining Mrs Sally Mugabe, wife of the Prime Minister-designate, for tea at Government House. "I have not met her yet but I read an interview with her and she sounds so nice. It must have been terrible for her living all those years alone while her husband was in prison."

Probably the highlight of her stay has been her involvement with a fund for Rhodesian children which she launched a month ago. She was appalled by the conditions she found in the orphanages and refugee camps she visited, but deeply impressed by the dedication of the people and organisations who were helping children there.

"The idea came to me that all of us who have been here during this period in whatever capacity could do something to help these children."

So she wrote to all members

of the Commonwealth Monitoring Force, the Commonwealth British observers, the election supervisors, the British police contingent and the press corps asking for contributions to her fund.

The response has been excellent. So far she has received about £5,000 in individual contributions including about £30 from a pre-election party given by the press. In addition she has been given £1,000 by the Save the Children Fund whose director-general, Mr John Cumber, was also deputy Election Commissioner.

A cheque for a further £10,000 was received last week from the United Kingdom branch of the International Year of the Child.

She intends to announce to which charities the funds will be given shortly before she leaves Rhodesia at independence next month.

Despite the obvious pressures she and Lord Soames have had to endure during the past three months, she would not have missed the experience for anything. She was delighted with the reception she received from Africans wherever she went.

"I was never made to feel

embarrassed or even those people obviously suffered result of the war."

She was surprised anti-white sentiment came across during the election was a vote but a vote for peace status quo. It to be anti-white had been kept out had been unable themselves for a time.

Perhaps her decision was the Africans have. "To them it is session," she said. "I remember squatter camp 2,000 children were the open air. They equipment they the exercise book make them go concentration of 50."

Lady Soames leaves Rhodesia although happy to with her five children have been busy to any with.

## Industrial unrest awakens new administration

From Our Own Correspondent  
Salisbury, March 18

Zimbabwe's new government-in-waiting has had its first taste of labour unrest with a spate of strikes involving around 4,000 workers in four factories in Salisbury and two in Bulawayo.

At one factory in Salisbury a sign was placed on the main entrance today calling for "more pay and new overalls". At another factory a black worker said the stoppage had begun after a white foreman had spat at some black employees.

Mr Kumbirai Kangai, the Minister-designate for Labour and Social Welfare, today

issued a statement the strikers to ob procedures for grievances.

He said that while government has to review industrial precipitate action would not only industrial relations also heavy industry. This have the effect any improvement conditions of serv.

Mr Kangai rumours this around factories and Bulawayo funds would be a the new govern

## Mr Mugabe seeks new trade links with EEC

From Our Own Correspondent  
Salisbury, March 18

Mr Robert Mugabe, the Prime Minister-designate, has asked Britain to place an application for Zimbabwe to become a member of the Lomé Convention. The request is being conveyed by Lord Soames, Governor of Southern Rhodesia, who is on a brief visit to London.

If the application is approved, which seems likely, Zimbabwe will become the fifty-ninth member of the trade and aid pact which links the EEC with developing nations in Africa, the Caribbean and the Pacific.

Membership would give the new state access to the £7,500m (£3,400m) five-year agreement which was negotiated last October.

Shortly after Britain took

over direct responsibility Rhodesia last year Government as interim agreement she's behalf with the agreement, which very favourable provide for pre to the Communist sian exports, ex and sugar.

The interim agr to explain the year by which Zimbabwe Govern have negotiated governing its rel the EEC.

The benefits of the Lomé Convention, free access to the reciprocity, a fun commodity export promotion of industrial and technical

## Guerrillas claim 2,200 Ethiopians killed in Ogaden

From Our Correspondent  
Nairobi, March 18

Fighting has broken out again in the Ogaden region between Ethiopian troops and pro-Somali guerrillas of the Western Somalia Liberation Front.

The Front claims that its forces recently killed 2,200 Ethiopian soldiers in clashes at Jijiga and Jijiga, important Government centres in the Ogaden. In other encounters tanks, armoured cars, lorries and guns were captured by the guerrillas.

The guerrillas have given no details of their own casualties, but say the damage they inflicted was the heaviest for about a year.

Ethiopian aircraft bombed two areas in Somalia at the weekend.

## Uganda si critics of Tanzanian

From Our Correspondent  
Nairobi, March 18

Mr Picho Owino, a leading Ugandan critic of the Tanzanian Government, has accused the Tanzanian Government of "deliberate aggression" against Uganda since ousting Idi Amin last year.

The minister's editors yesterday could not question the Tanzanian Government's position. The United Nations (UN) met the pre 20,000 Tanzanian.

He said the UNI invited to press his warning to ed to be a Tanzanian pressure or cool down to son difficult political tween Uganda and

Democrats and drums: Senator Edward Kennedy, his wife, Joan (centre), and a leading supporter, Mrs Jane Byrne, mayor of Chicago, watch the city's St Patrick's Day parade as Illinois holds its presidential primary poll.

## Castro offer to receive embassy siege guerrillas

Bogotá, March 18.—President

Fidel Castro of Cuba has suggested that the guerrillas occupying the Dominican Republic Embassy in Bogotá be allowed to fly to Havana, along with their hostages and the 70 leftists who they want released from Colombian jails.

The Colombian Government last night published a message from Dr Castro to President Julio Turbay Ayala, offering a passage to Cuba as a possible solution to the embassy deadlock.

"If the Colombian Government thinks it would contribute to a solution of the complex situation concerning the Dominican Republic embassy, the Government of Cuba is prepared to receive the guerrilla squad, the hostages and political prisoners via a direct flight, Bogotá to Havana," the note said.

The 11 ambassadors, two charges d'affaires, and about 16 other people in the embassy faced their twentieth full day as captives of the M-19 radical guerrilla group today.

There has been angry anti-British reaction in Hongkong over the decision by the Civil Aviation Authority in London to grant only British Caledonian Airways a licence to operate a second air service between Hongkong and London.

Mr Duncan Black, the chief executive of Cathay Pacific, which had expected to become the supplementary service to British Airways, said such a ruling was only possible because of "Hongkong's colonial status."

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## Protest grows in Iran after poll cheating claims

Tehran, March 18.—The brother of Ayatollah Khomeini has

joined those claiming that there was cheating in last Friday's parliamentary election.

In a telegram to President Abolhassan Bani-Sadr, Ayatollah Mortaza Pashandeh said Islamic Republican Party representatives had cheated during elections in his hometown of Khomeini, in central Iran. Ayatollah Pashandeh accused the IRP of intimidation.

He has supported President Bani-Sadr, whose candidates have been overshadowed in early returns by those of the IRP. Ayatollah Pashandeh's claim was not taken seriously by the ruling Revolutionary Council at its meeting tonight.

The poll would be invalidated if serious cheating were proved. Vote counting was slow today, but so far IRP candidates have a majority of seats decided in the first round. Seats not clearly won will be decided in a second round, in about three weeks' time.

No results are known yet for Tehran, but early figures

showed wide support for MP Mehdi Bazargan, the former Prime Minister, as well as a number of IRP nominees and candidates of the radical Moslem Mujahedin organisation.

It has been reported that the deputy head of the passport office at the Iranian Foreign Ministry was arrested yesterday on charges of "sympathy for the United States". Revolutionary guards said Mrs Victoria Bassiri admitted that before the seizure of the embassy she had passed on information to the embassy press officer, Mr William Bell, one of the 50 Americans being held hostage.

The revolutionary guards claimed that Mr Bell had confirmed Mrs Bassiri's statements—Reuters, Agence France-Press.

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## 100,000 Jews to live on seized Jerusalem land

From Christopher Walker  
Jerusalem, March 18

The Likud Government's controversial decision to defy world opinion and seize 1,000 acres of land to build a new £300m Jewish suburb in East Jerusalem is seen by some Israeli commentators as the final stage in a battle for the Holy City which began with the 1967 war.

Writing in the English-language Jerusalem Post, Mr Abraham Rabinovich, an acknowledged expert on Jerusalem's recent troubled history, said of Israel's building policy: "At stake is the political character and physical shape of the city at the heart of the Middle East conflict."

It was on June 7, 1967 that Israeli troops captured the walled Old City of Jerusalem, which had been under Jordanian control for the previous 19 years. About three weeks later, the Knesset formally annexed Jordanian Jerusalem and a large rural area around it, the only territory to be annexed after the war.

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ary and part in the occupied West Bank.

The annexation tripled the size of Israeli Jerusalem overnight but it was flatly rejected by the international community and the Arab states. As a result, the Israelis realized that they would have to settle Jews there in large numbers in order to establish their claim, a move which could only be achieved by large-scale expropriation, as little of the land was public and Arab owners would not sell voluntarily.

The success of the project in Israeli terms is demonstrated by the fact that about 60,000 Jews are now living across the "green line" in East Jerusalem, more than half of the area's 100,000 Arab population. Demographic experts calculate that by the time the latest suburb is completed, the total number of Jews living in the former Arab sector will exceed 100,000.

Israeli seizure of land in Jerusalem began in January 1968, and continued at a rapid pace for the next three years, by which time about 30 per cent of the annexed territory had been expropriated. Among those worst hit were the 5,500 Arabs living in the Jewish quarter of the Old City, the last of whom were finally forced to leave earlier this month.

The largest expropriation order was signed in August, 1970, when more than 3,000

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The success of the project in











2.30 Isle of Man; 3.0 Knight; 0' The Realm; 3.30 Narvik; 4.0







# HAMES

## Joan Chissell

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No late show bookings.

Some of the reviews on this page are reprinted from yesterday's later editions.



Close up of the Irish National Liberation Army—the newest, richest and most ruthless force in Ireland

## The terrorists who compete for the headlines

The Irish National Liberation Army are the newest terror force in Ireland. Their origins are smeared in blood and intrigue because they literally fought for survival; they were virtually obliterated by assassins.

INLA are enormously rich and in some respects professional, though not nearly as accomplished in the guerrilla arts as the Provisional IRA. They have the death of Mr Airey Neave as their claim to infamy, a murder probably carried out by a single volunteer in London who returned to Ireland immediately afterwards.

They are a small group of left-wingers generally referred to as Marxist, though the term has become so subjective it cannot reliably be ascribed to INLA. (The Provisionals used to be called Marxist but that was largely a whim of Mr Mason.) All that can be positively said is that they are committed to a united socialist republic by means of an armed struggle.

INLA has a gruesome reputation. The conventional wisdom among security forces on both sides of the border is that they are more ruthless than the Provisionals. That view is based on memories of INLA's

cold-blooded response to attempts by the official IRA to crush the emergent Irish Republican Socialist Party, which shares political goals with INLA. The rumour is that intermediaries had to be called in to halt the massacre.

INLA's resources come mainly from bank raids both sides of the border. They have no illegal clubs or other business interests like the Provisionals. They carried out a £500,000 robbery at Barnagh Gap, County Limerick, in June 1978 and are responsible for numerous other bank raids as well as a bank robbery in County Wicklow. Whatever their shortcomings, money is not among them.

INLA's precursor was the People's Liberation Army, which split from the official IRA in late 1974 in reply to the Official's campaign against the potential new challenger, the Irish Republican Socialist Party.

That party (not proscribed) and INLA (proscribed) were created by Seamus Costello, assassinated in Dublin October 1977 perhaps at the behest of the official IRA, or just as likely by an internal dissident or dissidents. There was considerable disquiet about Cos-

tello's jealous domination of INLA, and his death was initially shattering both to INLA and the new party.

Costello's disaffection with the Officials was essentially over his opposition to the ceasefire. He was expelled, and immediately began organizing the Irish Republican Socialist Party, which has its headquarters in Dublin. Costello insisted that it should be kept organizationally separate from INLA.

Many of INLA's early recruits were trigger-happy youngsters from the urban ghettos, frustrated at not being used by the Provisional IRA, whose ranks were tight against the immature and the undisciplined. The security forces could invariably tell when INLA carried out an assassination attempt because 30 or 40 rounds would be released in wild and amateurish abandon.

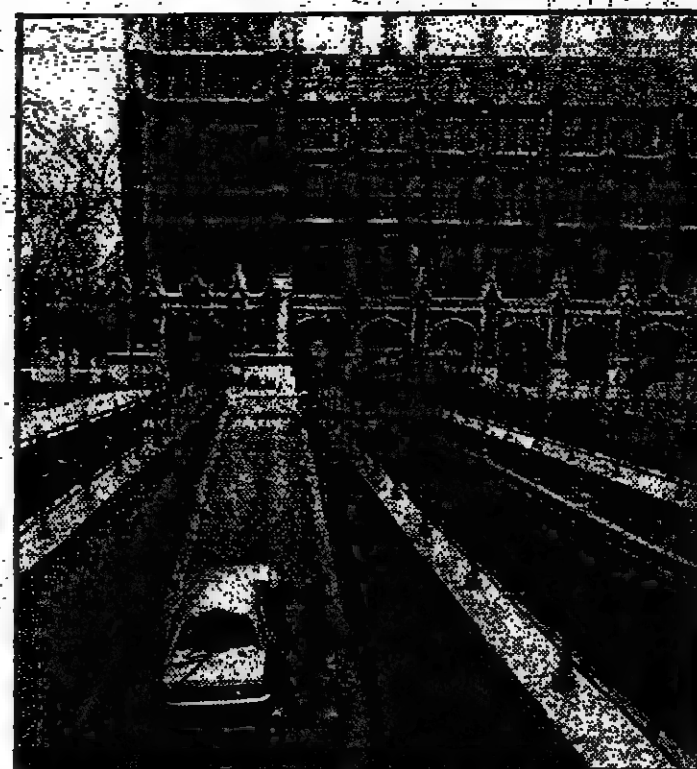
INLA now shows signs of being more selective in its recruitment. Its support is being used by the Provisional IRA, whose ranks were tight against the immature and the undisciplined. The security forces could invariably tell when INLA carried out an assassination attempt because 30 or 40 rounds would be released in wild and amateurish abandon.

probably numbers less than one hundred. Their operations were at a peak early last year and in that January killed more members of the Security Forces than the IRA. They are responsible for perhaps six significant incidents this year. The last attack destroyed the popular El Greco night club in London, which until then had stood a virtual isolation in a depressing scene of destruction.

INLA also exploded two bombs at an army camp at Nether Avon, on Salisbury Plain, on March 7, injuring two soldiers. That must be a worrying sign in view of the group's declared intent of prestige military and establishment figures.

At ground level, INLA and Provisional IRA members co-operate, though not to the extent of mounting joint operations of any significance. Ammunition is sometimes shared and to a small extent light weapons are lent.

At senior level relations are cordial though it can be assumed that the Provisionals are aware that shared propaganda means shared propaganda. INLA murdered Airey Neave at the end of March,



The car in which Mr Airey Neave died—murdered by the INLA.

1979; the IRA killed Lord Mountbatten of Burma five months later. The inevitable inference, though not a substantiated one, is that there was competition for a headline horror.

INLA operates almost exclusively in London, Belfast and the Armagh/Portadown area of County Armagh. Its first major act was a serious security threat in late 1978, but extensive police operations in mid-1979 abruptly slowed them down.

Oddly, INLA buys commercial explosives, which like most of the gas come usually from Middle East sources. The IRA

makes its own explosives by removing the relevant chemical from commercial fertilizer, a process that is remarkably simple.

INLA is once more showing signs of increasing its activities. The intelligence services have by now doubtless identified the command structure but it takes hard evidence to convict a terrorist and under present legal restrictions that is no easy a come by. Anybody with aspirations for peace can only be dismayed by this new addition to the Irish conflict.

Christopher Thomas

## A hundred years on, memories of a Harrow immortal



The remarkable Edward Bowen

A hundred years ago, in the spring of 1880, Lord Beaconsfield called a general election. The Government's candidate at Harrow was A. J. Balfour. In this safe Conservative seat Balfour did not have to exert himself. It was the unknown Liberal candidate who had to make the running.

He attacked the government's record at every point. The war in South Africa was unjust, that in Afghanistan a policy of "utter shamelessness". He condemned the Prime Minister for speaking of "our Irish fellow-citizens" in terms of "result and outrage". He put before the electors a vision of England as she ought to be: "There rises at such moments before our eyes the picture of what England might, with equal laws, with class privilege abolished, with perfect education, with plutocracy diminished."

The sentiments might have been those of a young Lloyd George but Balfour's opponent was a middle aged bachelor master at a public school, Harrow. His name was Edward Bowen.

Bowen was a remarkable schoolmaster and not just because his radical politics seem so out of place in the world of the public school. He was an admirer of Garibaldi and insisted that the boys in his house should wear red shirts for football as a mark of respect for the guerrilla

leader. He was in Paris during the Commune. What better place for a Liberal to spend the Easter holidays? He found the Jacobins a "mixed lot" but he was broadly in sympathy with their views and thought them vastly preferable to the Versailles.

Harrow took Bowen's politics in its stride as only a school secure in its reputation can. It is difficult to imagine modern public schools, so sensitive about their public image, being as tolerant of a housemaster whose heresies were the cause of his holidays bobbing with revolutionaries.

Bowen joined the staff at Harrow as a classical beak in 1859 and remained there until his death from a heart attack while bicycling in Burgundy in 1901.

He was soon in conflict with senior colleagues who believed that relations with boys should

be formal and distant. Bowen disagreed and mocked the older men's attitude in satirical verse: to suggest that senior Gods should be informal with mere mortals was "Rank treason discussed in the name of Reform". Bowen won, as he tended to do. The senior men found it was possible to talk to boys without provoking anarchy.

Bowen was a natural critic of the old order but he was also that characteristic English figure, the sentimental radical, the innovator in love with the past. While attacking the drudgery of the classical teaching classics and the foolishness of colleagues who regarded schoolboy peccadilloes as mortal sins, he was writing the most famous Harrow School song: the man who admired the commonsense also wrote *Forty Years On*, the quintessence of public school sentiment.

There was something of a contradiction, too, in his approach to housemastering. He disliked the contemporary public school worship of team spirit; he wanted the house or school to be a suitable altar on which to sacrifice the individual. But in his hatred of luxury there was no room for individual preference. Plain living stood in some causal relationship to high thinking. When one of his pupils, G. H. Trevelyan, took two hot baths in one week, Bowen warned him of the dangers: "O boy, that's like the later Romans, boy!"

Bowen, the devoted housemaster, took an unorthodox view of the job: "One is so tied up to hours; and parents

will keep writing letters and there is always the chance the boys will see the house on fire."

To Trevelyan, Bowen was "a very great housemaster indeed". In the wider world, Bowen was an educational reformer whose ideas had already begun and that the attitudes engendered in the public schools were a major contributory factor, but he was clear-sighted enough to recognize the harm done to the nation by a curriculum that encouraged the most able young men to sneer at science and modern languages.

By the turn of the century Bowen's reputation as an educational reformer had been firmly established. He had been at Harrow for 42 years and began to think of retirement. It was spring again, a spring embittered by the Boer War which he opposed and which had robbed him of a favourite pupil he "loved almost as his own son". On Easter Monday Bowen was bicycling with friends in France. They got off their bicycles to walk up a long hill. At the top Bowen put his foot on the pedal ready to remount. He had a clear view for miles over the Burgundian countryside. Then the heart attack killed him instantly.

John Rae

The author is Head Master of Westminster School.

## Animal experiments: who can calculate the benefits?

Experimental physiologists have been under attack for some time. They have had to suffer abusive telephone calls, rude letters, threats and harassment because of their experiments on animals.

They have tended to take the view that they did not have to defend their actions because it was self-evident that what they were doing was useful and could be justified to all but a minority.

But some university physiologists have now decided that they can no longer sit back and hope that public attacks on their work by animal welfare organizations and anti-vivisectionists will not amount to anything.

Their change of attitude has been brought about by the appearance of two parliamentary Bills on animal experimentation: one going through the House of Commons, sponsored by Mr Peter Fry, Conservative MP for Wellingborough, and the other going through the House of Lords sponsored by Lord Halsbury. Both have got through the second reading stage and the Fry Bill is expected to go into committee on March 26.

Although the chances of either reaching the statute book are slim, the Government has

said that it intends to set up its own legislation and many scientists see the present controversy as a dress rehearsal for a later and more serious debate.

The Physiological Society has drawn up detailed critiques of the two Bills and is hoping that when new legislation is framed its views will be taken into account. As Dr Denis Noble, secretary of the society, points out, the last act on the subject, the Cruelty to Animals Act, 1876, has lasted more than 100 years and the next one might last as long. "So it is not something to be done too quickly."

The society's main criticism of the Fry Bill is that it restricts the use of animals to experiments "calculated to lead to the saving or prolonging of life, or the preventing or alleviating of suffering."

The society says that research scientists can only sometimes "calculate" the benefits of their research. Typically, this stage occurs very late, when

most of the fundamental work has been done that enables such "calculations" to be made.

"To impose such a restriction would mean that future applied work would be impossible as the fundamental base fails to grow. A recent American study of the research considered essential for certain advances in circulatory medicine showed that about 40 per cent of such research was not and could not be directed towards a specific practical outcome at the time it was done."

The society thinks that the 1876 Act has served science well. It recognizes that experiments need to be controlled but thinks that the system of licences under the Act has worked fairly satisfactorily. A basic licence is needed by anyone who experiments on an anaesthetized animal and an additional certificate is needed for experiments without anaesthesia.

But the Physiological Society realizes that circumstances

have changed since the 1876 Act and agrees that it must be updated. It hopes that any new Act will make two important provisions.

First, it wants students to be able to participate in experiments. At present, nearly all teaching has to be done by demonstration. "The object is to bring home to students the very obvious fact that physiology is not a purely theoretical science," said Dr Noble.

Secondly, the society would like any new Act to allow physiologists to use wild animals, farm animals and unwanted animals donated by their owners for experiments. The costs of purpose-bred cats and dogs have gone up between £5 and £10 to between £80 and £200 each over the last 16 years, making some research prohibitively expensive.

The Royal Society for the Prevention of Cruelty to Animals kills more than four times as many unwanted dogs each year as are used in

scientific experiments (60,000 compared to 14,000), and the Physiological Society considers that some owners might like the option of donating unwanted animals to science provided that they are used only for fully anaesthetized experiments.

The pressure for change in the existing legislation has come from the animal welfare organizations, the anti-vivisectionists and the Committee for the Replacement of Animal Experimentation, an umbrella organization representing many of the animal welfare groups.

The latter is particularly concerned that the 1876 Act governs how experiments are done, but not what is done. Strict controls are laid down to control the use of animals in experiments where the overall purposes are the pursuit of commercial enterprise, it said in a memorandum to the Home Secretary last November.

Dr Judith Ransome, the RSPCA's chief animal experimentation officer, says she

would like to see the public being able to bring prosecutions for cruelty, as provided for in the Fry Bill. At present, prosecutions can only be brought by the Home Secretary. She would also like to see the establishment of strong scientific ethical committees which would look at what licences were being done and question whether what they were doing was really necessary.

Physiologists reply that allowing people to prosecute scientists through the magistracy courts, as the Fry Bill does, would throw open the door to harassment and malicious prosecutions. They say that where ever possible they use alternatives to animals for experimental work, not least because of their high cost.

They feel they are being squeezed from both sides: from the public, who want new cures and higher standards of safety in medicines, food additives and toilet preparations, and from the animal protection societies, who want almost all, if not all, experimentation stopped.

Above all, the Physiological Society would like to see a thorough investigation carried out into all the complexities of the issue before any legislation is framed.

Annabel Ferriman

Health Services correspondent

## LONDON DIARY

### The great red plastic debate

A surprising amount of entrepreneurship surrounded Monday evening's debate of the decade between the Labour Party left and the extra-parliamentary left. The precincts of the Methodist Central Hall had the air of a medieval fair with itinerant hawkers attempting to sell their various newspapers.

On tables outside the meeting hall, copies of *Marx for Beginners* and *The Bolsheviks Come to Power* were prominently on display next to stands containing the Historic Roll of the Wesleyan Methodist 20th Century Fund.

Leaflets on every seat in the hall invited people to order a book and a record of the debate. The record, which is being produced on red plastic by a professional recording engineer who normally works with pop groups, should appeal particularly to the 700 people who failed to get tickets, including the representative from the

Pakistani Embassy who queued from 12.30 in the vain hope of gaining admittance to the hall.

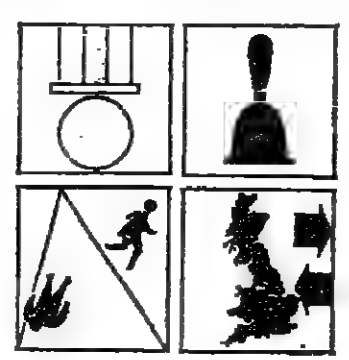
The factionalism of the far left is quite bewildering. According to the Morning Star report of Monday night's great debate, the heckling which Mr Tony Benn had to endure came from the Revolutionary Communist Tendency, a splinter group from the revolutionary Communist Group, which itself broke away from the Socialist Workers' Party. Mind you, I seem to recall that the Metcalfs have had to face the same problem themselves.

### Whose benefit?

The Rev David Maundrell, vicar of Icklesham in Sussex, thinks that other readers may be interested in taking part in the game which he has invented of guessing which benefits are represented by the drawings used by the Department of Health and Social Security in its latest leaflet "60 ways to get cash help".

I reproduce four of the more intriguing drawings from the leaflet here. Critics could perhaps be forgiven for think-

ing the one at the top left is a special benefit for those who appeared in a certain Prime Minister's resignation honours and the top right for those who share the Lord Chancellor's former passion for campanology. In fact they represent war disablement pensions and free school meals.



The drawing at the bottom left is perhaps easier to recognize as standing for criminal injuries compensation, although it is intriguing that the victim appears to be a man and his fleeing assailant a mini-skirted girl. Mr Maundrell suggests that

### Dry run

Now the results of an earlier diary competition. Alan Hamilton writes: You responded magnificently with over 200 replies to my recent request for the opposite of "wets" for use as a label to pin on the hardeners of the Conservative Government. Judging by the unflattering tone of most of the entries, few readers of this particular patch of print adhere to the gospel of steam-rolling monetarism.

You will see what I mean from a selection of offerings to describe the rigid Thatcherites: arid, barren, desiccated, huskies, dried-in-the-woods, thicket, crisps, stiffs, Milton Keynesians, frigids, drip-dries, brutes, Selsdonians, stiff, anti-sigh-clones, gulfs, duffs, dust-men, wicks, prunes, stones, mummies, snipe-noses, grins, crackers, po-faces, imperme-

bles, rhinos, dry rotters, ossified, matted, dryogs, high-and-dries, Maggies, wadis and thunks.

"We almost went for 'glacials', but decided that was really a third category to describe those who, given a few millennia, might melt their icy views. And we had to reject quite a few which, although sharply clever, were too arcane to stand much chance of passing into common currency.

After much deliberation and consultation with my superiors, I can announce that Tory right-wing economists will henceforth be known as "dryhards".

Five pounds each to the eight who suggested it. D. Kantowich of London N19, J. H. E. Franklin of Roehampton, Mrs D. M. Rae of Leatherhead, Mrs J. Rosten of Solihull, J. M. Keiden of Edgware, Mrs A. R. Trouton of London SE5, D. P. M. Michael of Newport, Gwent, and D. R. Gupta of London NW11. Congratulations to them, and thanks to all who took part. Even to the University of Aston Conservative Students' Association, who declared that Maggie, Keith and the rest were undoubtedly "sound".

### Southern sound

Any proud Yorkshireman (or Lancastrian for that matter) will tell you that all the best brass bands come from northern Britain, where they were nurtured. But although brass bands are a national phenomena, there is still a widespread if erroneous belief that, apart from the national championships at the Royal Albert Hall, all brass band activity takes place north of the Trent.

With the laudable double object of dispelling that belief and creating more interest in brass bands in the south of England, two amateur impresarios, Mr Robert Turner and Mr John Munn, are bringing the national and European champions, Black Dyke Mills Band from Queensbury, near Bradford, south for a concert at Wembley Conference Centre on March 29.

"We were concerned about the situation and are attempting to do something practical about generating more interest in brass bands in the south," says Mr Turner, a Yorkshire exile who plays in the once-famous Chalk Farm Salvation Army Band. "We have contacted 300 bands in the south and have had

"Tell me, Father, what was Stafford Gripps really like?"



a good response from many of their members, as well as from youth and school bands. The programme will mark

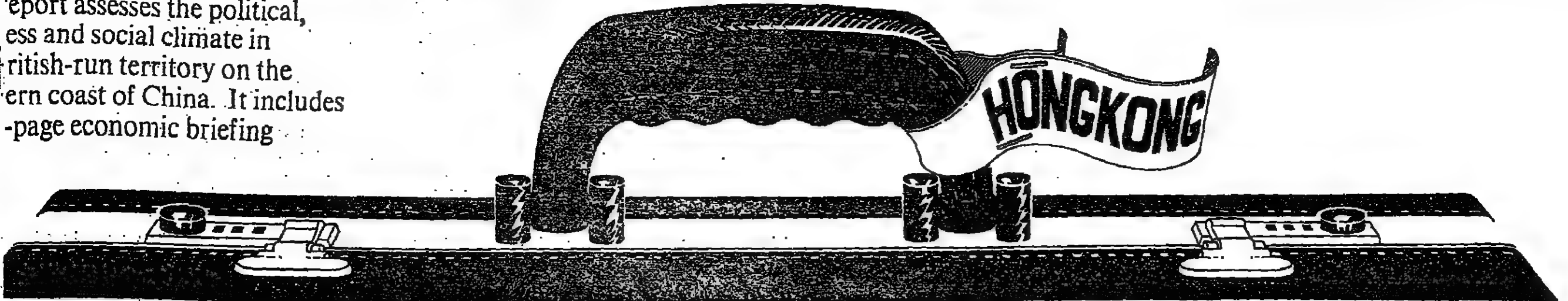
the first appearance of Dyke of composer Edson in the role of solo Concertante for Pia Brass Band. Conducting shared by Black Dyke's director, Major Peter and resident conductor Ambrose, who will be his final appearance as champion band. He is to take up a new appointment as leading brass band in the near

An interesting postscript story yesterday about boards. A graduate of Andrew's University of that there they are not by women. Apparently girls were admitted to Andrew's at the end of century, the men were gusted that they went to the end of the pi hauled their trousers, more boards are kno there into the sea. The some bare-headed sacri would have thought, biding east wind.

Ian Br...



Report assesses the political, economic and social climate in British-run territory on the eastern coast of China. It includes a 10-page economic briefing



## Factories over the border

Chinese new year on Hongkong into visit relatives and Laden with pre-particular radio sion sea slung on stream through border post at Lo rate of up to 1. When one con- kins the nearest equivalent, that for people pass- West to East Bei- Easter was fewer 1,000, and that border crossings Hongkong and re registered in realizes how open- lar between main- British colony has

freedom of move- not confined to kers. Since the Mao Tse-tung in the opening of the outside world successors, many manufacturers ted part of their across the border t. Accurate figures pe of operation are y hard to come it has been esti- ed 800 companies ed 1,000 contracts ur \$US250m with- se. Of these, about have been entered ompanies based in

latest concentra- at 450 contracts \$100m) is in the ing province of s, followed by its, Pukun. However, further afield, in Shanghai, Tianjin ese are trying in to attract foreign o Guangdong and ith the greatest on the area imme- dering Hongkong.



Waiting for custom in a herb shop, abacus at the ready. Photographs: Horst Gossler/Aspect

There, Shenzhen, a town of 300,000 people, has been designated a zone for agricultural, industrial and recreational development comprising seven industrial areas and eight holiday resorts. Among the industrial areas is Shekou, on the far side of Deep Bay, which is

intended for joint ventures with foreign companies.

In the huge task of modernizing their economy the Chinese urgently need foreign currency to buy plant and equipment from abroad. One quick way of acquiring this is through export-oriented light industry, in which Hongkong excels. It is no surprise, therefore, to find companies from the colony manufacturing textiles, including clothing, electronic goods and components, toys, watches,

carpets, shoes and food products across the border. They have also moved into quarrying, cement, agricultural projects, property, both residential and hotels, and advertising.

The great majority of these operations are on the basis of compensation trading, whereby the Chinese provide the land and the workforce, and their foreign partners the machinery and training. The latter then export the product from Hongkong.

The advantage to the foreign company of moving into China lies in the lower costs of land and labour. For example, the Shekou industrial zone is to charge a rent of HK\$2 to \$4 (18p to 36p) a sq ft a year—below or roughly equivalent to the rate in Hongkong's cheaper industrial estates in the New Territories.

The average industrial wage in Hongkong is \$1,200 (£109) a month, compared

Hongkong is inevitably an irritant and an affront to a number of people in Britain. In their view it is a remnant of empire, an anachronism, a capitalist paradise exploiting workers, a colony without democracy. It all adds up, they say, to a blot: Hongkong is nothing to be proud of.

In any debate on Hongkong this sort of view finds expression, but it does not take into account the realities of the colony's circumstances and development. Its history and extraordinary position make it a bundle of paradoxes.

People affronted by the idea of Britain still having colonies may talk of "independence for Hongkong" and the moral requirement to introduce democracy. But Peking, London and Hongkong itself are fairly satisfied with the status quo, and in none of these places is there any inclination at present to make changes.

What counts, as far as most people involved are concerned, is that Hongkong is essentially stable and that as a system and a society it works. With an admitted need for improvements in certain areas—housing and welfare among them—a balance has been struck.

The idea of an independent Hongkong is, at least for the foreseeable future, pie in the sky. China would not stand for it: Hongkong is a part of China and its population is 98 per cent Chinese, and it evidently has a role in China's plans and economic strategy.

The 99-year lease on parts of the colony ends in 1997, but few people in Hongkong worry about it. The Chinese

do not recognize the treaties anyway; and Hongkong is an important resource of skill and money and has an increasingly important role as pump primer for the Chinese economy. China already gets \$1m a day in foreign exchange from Hongkong.

As landlord, China is content that Hongkong should stay as it is for the time being, administered by the British.

In dealings between the Chinese and the British the term "colony" is politely avoided. Certainly, Hongkong is a Crown colony, its sovereign power residing with the governor, but in most respects it has ceased to be a colony. It is a unique laissez faire profitable trading and manufacturing centre, a piece of China under British management.

The governor is a type of autocrat and the place is run on a day-to-day basis by governor and bureaucracy. But Hongkong could not work as well, nor be as stable, if there were not a strong element of consent. So Hongkong has evolved as a kind of consulting autocracy. There are no politicians, no party politics and only a limited elected representation.

But people can still bring pressure to bear on the administration; and for its part the Government has often demonstrated that it responds to the views of interest groups of all kinds among the business community and the community as a whole. It is a system which has reached maturity: and any number of pragmatic people in Hongkong will bring you to the point made earlier: it works.

Important elements in the administration are the Executive Council and the

Legislative Council. The executive meets in private and its members are high officials such as the Attorney General and the Secretary for Home Affairs, and also appointed representatives of the community.

The governor is not a member, but he presides over it and has to seek its advice on all important matters. The Legislative Council, also presided over by the governor, has 16 government members and 24 non-government members, all appointed. It meets in public twice a month and is noted for its dullness. All speeches are read and there are not debates in the parliamentary sense. It is certainly not a parliament. Its job is to enact legislation and control public spending.

There is also the urban council. This is the only part of Hongkong's system with an elected element. Twelve of its members are appointed and 12 are elected. But only about one in 400 of Hongkong's five million people are enfranchised and the voters are, in any case, anathetic. Only about a fifth of those entitled to vote did so last time.

The council meets in public and, although its power is limited, it does fairly important work as an environmental authority, covering refuse collection, markets, libraries, recreation, amenities and the like.

It follows, then, that the Government has to pursue other ways of involving the people in what it is doing. "Hongkong has to be governed by consensus", Mr Li Fook Kow, Secretary for Home Affairs, said. "We have to seek opinion, to consult, to make compromises."

Certainly the "unofficial" or non-government members of the Executive Council and

Legislative Council carry some weight in consultations. But the Government also seeks a broader range of views through the city district officers covering the main urban areas of Hongkong island and Kowloon. These officers have to deal directly with the people at local level, explaining government policies and gauging the strength of objections to any plan. A similar function is served by district officers in the New Territories. In the rural areas, too, the Heung Yee Kuk, a council of the leaders of village communities, acts as a channel of opinion and a link between the administration and the people.

Meanwhile the newspapers, radio and television occupy a central position in the relationship between government and governed. The press, both English and Chinese, is large, free, lively and varied, and carries a lot of news and comment on the doings of the Government.

The Government itself is well organized in the provision of information. The Government Information Service is a highly efficient disseminator—and, in its feedback role, provides officials with daily summaries and translations of news and comment in the local papers.

"Much more than they used to, people let us know what they think and complain when they believe we are being high-handed", Mr Li said. "They demand explanations and, being better educated and more aware, they are quick to let us know their views. With older people we have to be more active in seeking views. The old Chinese tradition of avoiding contact with officialdom dies hard."

Trevor Fishlock



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## HONGKONG

## Factories over the border

continued from previous page

with 60 to 70 yuan (£16-£19) in China, although the gain to the foreign investor is not as great as it appears. He pays possibly three times that rate to his Chinese partner, who passes some of it on to the individual workers and retains the rest for his own use. Nevertheless, even the inflated rate is much lower than that in the colony.

Against these advantages you have to set low productivity, poor management and, in a country where unemployment is widespread, the tendency to take on more people than are necessary.

The modernization programme in China has affected the pattern of Hongkong trade as well as investment, in particular the colony's role as an entrepôt. Hongkong reexported \$1.315m worth of goods to China in 1979, primarily textile products, telecommunications equipment, road vehicles, specialized machinery, and crude animal and vegetable materials. This was more than six times the 1978 level.

It also exported \$3.663m worth of goods of Chinese origin in 1979, 28.3 per cent of its total reexports and up by \$2.004m over the previous year.

Official optimism on the continued usefulness of Hongkong to the Chinese has been strengthened by the political rapprochement between Peking, Whitehall and the colony over the past year. In March, 1979, Sir Murray MacLehose became the first Governor of Hongkong to pay an official visit to China since the founding of the People's Republic in 1949. He returned with a request from Deng Xiaoping, the Chinese senior deputy Prime Minister, to tell investors in Hongkong "to put their hearts at ease", a message which was repeated in London in October by Huang Hua, the Foreign Minister, after the visit there by Chairman Hua Guofeng.

The governor said that Chinese at all levels had

assured him of "the importance to them of the role which Hongkong is playing and will play as a result of the high level of its industrial, commercial and financial development".

Li Qiaoguo, the Chinese Foreign Trade Minister, has been to Hongkong twice in the past 18 months, the man who is now Governor of Guangdong province was there in December, and today Huang Hua becomes the first Chinese Foreign Minister to visit the colony when he steps off there at the end of a tour of Southeast Asia.

China receives between \$US4,000m and \$US5,000m from Hongkong each year, more than 30 per cent of its total foreign exchange earnings. Its sales to the colony in 1979, worth \$HK15,129m and second only to those of Japan, included 45 per cent of Hongkong's imported foodstuffs and 30 per cent of its imported fuel.

Investment by China in Hongkong is such that its stake in the economy is greater than that of any other government, including the Government of Hongkong. Its interests include banks, insurance companies, factories, retail outlets, travel and property.

Not all manifestations of Chinese interest in Hongkong are welcomed by the colony, however. The gradual blurring of the border has coincided with a huge increase in the number of illegal immigrants from China. The number arrested in Hongkong rose from 8,551 in 1978 to 90,037 in 1979, with a monthly peak of 15,047 in December. Nearly all were repatriated.

However, it is estimated that 115,000 illegal immigrants got through undetected. In Hongkong, once an immigrant has passed "first and second bases", which generally means getting beyond the New Territories, he is entitled to stay.

As well as illegal immigrants, 94,577 legal immigrants entered Hongkong in 1979. These are people who have been given exit permits by the Chinese and on that account are accepted by the colony.

Total immigration from China, therefore, added more than 200,000 people last year to a territory which, with more than five million inhabitants in 408 square miles, is already one of the most densely populated areas in the world. On top of this, Hongkong

received a large number of Vietnamese refugees. The flood of the first half of 1979 has subsided but there are still about 47,000 refugees in Hongkong awaiting resettlement and the colony would be very vulnerable if the Vietnamese Government reversed its present policy of restricting emigration.

The increased flow of people and goods across the border between Hongkong and China encourages Chinese to escape into the colony. Friends and relations come over on visits from Hongkong with stories of the prosperity across the border and bring tangible proof of this in the shape of television sets and radios, on which the recipients then tune in to Hongkong programmes.

A relative in Hongkong provides a point of contact for an illegal immigrant once he is across the border, and a source of cash should payment have to be made to someone who will help him get through first and second bases. According to Superintendent David Edwards, deputy commander of the Frontier Division of the Royal Hongkong Police, the average price demanded by riders and peddlers of illegal immigrants is \$HK4,000.

Most of the illegal immigrants come from an area up to three and four days' march from the Hongkong border. Others come by boat from farther afield in the east and a third group swims across Mirs Bay and Deep Bay on either side of the New Territories.

The average illegal immigrant is a single man between the ages of 16 and 26, a farm worker with a low level of education. Unlike his forerunners in the 1950s and 1960s, he is reluctant to work and finds it difficult to fit into a disciplined industrial society. He is not popular with Hongkong factory managers. The legal immigrant tends to be older and to come over with his family to join relatives in Hongkong.

The influx from China affects the colony in several ways. First, it has to spend more on the Armed Forces and police. Reinforcements last year included a battalion from Britain, two companies of Gurkhas from Brunel, two Sea King helicopters, two SRN 6 hovercraft and a fast patrol boat. Nine launches have been ordered for the police and a new left wire border fence is being built between

Lo Wu and Sha Tau Kok in the east.

Increased immigration will also set back the housing programme, which is already behind schedule, and, according to the Government, it has led to a rise in unemployment.

If the Chinese wish for the continued wellbeing of Hongkong, why do they allow so many people to flow across the border? Evidence that the flow can be stemmed was provided last summer when, with reinforcements on both sides of the border, the number of those arrested fell from 11,884 in June to 647 in July.

The first and most obvious motive for China's apparent acquiescence in high levels of emigration is that it does not feel as strongly as Hongkong about the dangers of such an influx. A more cynical view would be that by adding to the population of Hongkong, Guangdong province can earn more from food exports to the colony.

Whatever the real reason, the increase in immigration should be seen in the light of a more liberal policy within China, which has resulted in greater freedom of movement. Sources close to the Hongkong Government suggest also that a lack of confidence among low-level Chinese officials may lead them to accede to requests to leave the country.

Relations between Hongkong and China have improved vastly since the dark days of the Cultural Revolution. However, from the Hongkong side there are two things which the Chinese could do to make the picture even rosier. The first would be a reduction in immigration and the second, more specific guarantees about the future of Hongkong.

As the Hongkong economy becomes more advanced, investment tends to be more capital-intensive and slower to yield a profit. Seen in that light, 1979, the date when the lease on the New Territories expires, is not that far ahead. Mr Jimmy McGregor, director of the Hongkong General Chamber of Commerce, believes that investor confidence in Hongkong will fall from its present plateau in two years' time unless, in the meantime, the Chinese make a definite commitment to the colony's future.

Simon Scott Plummer

Anthony Rowley, Business Editor of the 'Far Eastern Economic Review'

analyses the Hongkong budget for 1980-81 and

looks at the colony's finances in the light of a recent report

## Public spending has resulted in weakened dollar

It is an ill wind that blows no good to Hongkong's laissez-faire economy. Unfettered by fiscal and monetary restraints, the economy is open to all sorts of internal and external influences which threaten, and sometimes prove, to be malign but which often have benign side effects. Such ambivalence has been liberally at work over the past year.

For instance, a boom in bank lending and in the property markets, which hoisted the money supply growth to nonchalantly alarming levels and which threatened severe overheating in the economy as a whole, has helped to raise official revenues to a point where the Government can embark on a more welfare and public service spending. The Indo-China crisis boosted capital inflows into Hongkong's open economy, thus helping to support the deficit-ravaged Hongkong dollar and a big influx of refugees helped to raise manufacturing output even if it also strained social facilities sorely.

Apologists for the laissez-faire principle will probably see the operation of the "hidden hand" so beloved of the classical economists, even if they have

to admit that the so-called adjustment mechanism which is supposed to regulate Hongkong's economy automatically is becoming increasingly slow to act and probably needs some adjustment itself now to cope with an expanding and more complex economy.

On the whole, Sir Philip Haddon-Cave, the Financial Secretary, appeared sanguine about Hongkong's immediate economic prospects when he presented his annual budget to the Legislative Council on February 27. He foresaw a slowing-down of inflation, continuation of growth rates certainly respectable by Western standards and booming revenues to support government spending. But Sir Philip's forecasts have been optimistic before now and some people feel that his manifest dislike of intervention leads him to shun measures which could forestall economic difficulties.

His three and a half hour budget speech was no exception to his own rule that it did appear for a while that the Financial Secretary was about to embark on an unwelcome degree of intervention and reform. He spoke of the potential dangers of mounting government expenditure, of a need to reform

the colony's tax base and of new methods needed to control the runaway money supply. But in this and he opened to let government spending rise this year, put off reform of tax incidence, and offered no tangible measures to control the money supply.

Sir Philip has made no bones about the fact that government spending, rather than private consumption expenditure, has been the chief culprit behind the boom which has pushed overall demand ahead of output growth in Hongkong, thus leading to inflation and the visible trade gap and weakening the Hongkong dollar.

This year, the Financial Secretary again admitted that this was likely to be the case. But instead of reining back on public sector spending, as he had been widely expected to do in order to give his budget a deflationary bias, he announced that capital government spending would rise by 42 per cent in the fiscal year 1980-81, and that the growth of building and construction spending by the public sector (including the Mass Transit Railway Corporation) would rise by 15 per cent against all growth last year.

All this might be seen as

deliberate pump-priming by the Financial Secretary in a year when the colony's export growth is expected to slow down, and when record high interest rates may finally cut into private sector spending, particularly in construction. However, there are pressures for increased social spending, particularly in housing.

The decision to boost public spending on recurrent as well as capital expenditure was underpinned by soaring financial revenues which have given the Government record budgetary surpluses for several years and which have built up the "free" fiscal reserves (united to contingent liabilities) to a record and "comfortable" level of about \$8,000m. Behind this, in turn, are recurrent revenues, largely reflecting the impact of buoyant corporate profits on direct taxation, and soaring capital revenues, stemming almost entirely from the proceeds of crown land auctions.

As some observers saw it, these figures did not sit too well in a budget that was expected to come to grips with inflation, particularly in the price of land is commonly held to be a significant factor (along with speculation fuelled by local and regional funds) in the spiralling cost of residential and commercial premises in Hongkong.

Inflation ran out at 11.7 per cent last year on the basis of the official consumer price index and 12.3 per cent on the broader, but less official, cost-of-living index, which includes construction costs. But if the index had been more realistically weighted to reflect the soaring cost of residential rents in Hongkong, inflation would probably have run out at nearer 20 per cent last year. Inflation is almost certain to prove a big problem again this year too, given the lagged impact of imported inflation adding to domestic inflation. This may be attenuated, however, by the fact that flows of "hot" money (money that moves around to attract the highest rate of interest) from neighbouring countries across the uncontrolled exchange in Hongkong have helped to halt the local currency's precipitous decline against its important trading partners' currencies. The stronger local dollar should also help the trade balance as imports will become somewhat cheaper and some slowdown in private consumption should offset, at least partly, the boom in public spending.

Official rent controls on residential property reduced recently which limit increases to 21 per cent over two years, were forced on a reluctant, non-interventionist government by popular out-

## Seventeen years to recoup investment

Hongkong does not normally go in for economic planning, preferring to let business develop in a free environment. But the need for improved communications which the committee alleged exists in the financial services sector has been underlined in the past two years by increasing friction between the Government and the banks and between different classes of banks.

Sir Philip Haddon-Cave, the Financial Secretary, tried in vain to get banks to raise their lending rates about two years ago, in cut the boom in bank lending and to reduce inflation.

The fourth area of concern noted by the diversification committee's report is one where financiers also feel some concern. The use of fixed-interest and fixed-term debt is not common in Hongkong. As the committee put it: "Individual investors tend to dislike such stocks perhaps in part because of the Hongkong tax structure (and) in the absence of exchange controls and other barriers Hongkong investors are not forced to invest in the domestic market."

The committee looked behind the usually unchallenged assumption that absence of government intervention has served the growth of the financial services sector well in Hongkong while official intervention has inhibited and stultified the growth of such services in Singapore.

The committee identified five areas of concern which required further consideration in terms of public policy. These were: the availability of long-term finance; the need for improved channels of communication in the financial services sector; inadequate statistical documentation in the sector; gaps in the Hongkong money market with regard to fixed-interest finance and provision of a full range of short-term and medium-term financial instruments; and a need for more effective regulation of the insurance industry.

With regard to the future, the crucial issue is what new banks and other financial institutions are liable to take of the colony's long-term prospects, given that the leases by which a former Imperial Chinese government granted Britain occupation of the New Territories are due to expire in 1997. Present accounting standards in Hongkong require companies to write off their investments by the date of expiry of the lease on land they occupy, where this is less than 50 years.

The question, then, becomes one of whether industrialists can reasonably hope to recoup their investment within the 17 years notionally left to run on the leases and, although some can in certain industries such as textiles and electronics, others which are more capital and technology-intensive almost certainly cannot.

The diversification committee dodged the political question of the leases but concluded that an industrial development park, or some other such medium-term financial institution, might become necessary at some time if the private sector proved unwilling to lend money on the maturities the industry requires.

The committee found that the activities of the financial services sector were inadequately documented in statistical terms and recommended reforms. This inadequacy has manifested itself graphically this year with the monetary affairs branch of

the Government being forced to admit that it may have exaggerated the impact on Hongkong's money supply of a surge in bank lending over the past two years.

Likewise, the need for improved communications which the committee alleged exists in the financial services sector has been underlined in the past two years by increasing friction between the Government and the banks and between different classes of banks.

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## Making what the world wants

always been easy for liberals to criticise Hong Kong for what it is—a colony which, recently, was replete with patches of sweat-shedding underdevelopment, and to understand, and to recognize, its industrial revolution of the 1970s.

Today, it stands as a backward that the one way to er standard of living making what the rest world wants, at a it is willing to pay, it be for plastic toys flowers and fur clothing (30 years of China's the British colony own from an entrepôt a major producer of 2d's textiles, garments such as, as well as a al centre in the re. The experience and acquired in this pro-recognized now as his to its backward and—end potential for—China.

Industrial revolution began after on from the Japanese tion, in the Second War, which saw the e between the Com- and Kuomintang for- China. The Chinese resulted in a flight al and entrepreneurs Shanghai into Hong-

base was thus set for at industrial process, manufacturing, after came the garment in- of manufacturing has developed—proof maxin that economi- und industries attract industries. This also is the basis for present in over the two major ial zones in southern

from becoming stiff ization for Hongkong, les in Shenzhen and near by are seen as ng even more invest- growing protectionism West to Hongkong's nal products—textiles rments and, increas- outwear.

task of meeting the te of the 1980s is a ee government par- n growing in support ngkong's industrial iction. A substantial number, however, face a real threat of closure—a result of a combination of factors. Among these are squat-

It is necessary to obtain better access to more advanced industrial support facilities (such as research and development into new technology) and technological back-up services.

"They will find it increasingly difficult to provide these facilities and services themselves or buy them locally," the Advisory Committee on Diversification (ACD), said in a report published last December.

The ACD was appointed by the Governor in 1977 in recognition of the threat posed by increasing protectionism to Hongkong textiles. Its task was not to state how manufacturing industries should diversify, in they have been doing so on their own over the years, but what government policies would facilitate and stimulate such diversification.

Even before protectionism became the trend, there had been regular calls locally for more government intervention in industry, particularly demands for five-year development plans, an economic advisory committee, an industrial development council and an industrial development bank. However, the Government has been—and still is—reluctant to abandon its traditional policy of minimal interference.

Now, even the most conservative officials in the British administration are beginning to see that what has worked in the past—allowing market forces to determine the supply of labour, land and capital and ensure their most efficient use—may no longer hold true.

For a start, constraints on supply of industrial land and factory space have distorted the free play of market forces. The pressure is greatest on small industries which backbone of the economy.

Collectively, these small manufacturing enterprises, which employ fewer than 50 people each, constitute a sub-contracting service to the import-export houses, the linchpin in Hongkong's export industry.

In a survey two years ago, 45 per cent of these small industries were making products ordered by the import-export firms. Small industries make up about 92 per cent of all manufacturing establishments in Hongkong employing 18 per cent of the 2,500,000 workforce.

A substantial number, however, face a real threat of closure—a result of a combination of factors. Among these are squat-

clearances—quite a few are squatter factories—and to re-establish themselves. In flatted factory buildings they require massive overheads, rendering their product prices uncompetitive.

High rentals for factory space are also a problem for non-squatter factories producing cheap goods in non-industrial buildings. Since 1976, the Government has actively cleared such operations out of non-industrial buildings and the small operator has nowhere to relocate at a rent he can afford.

Also at the end of the road are the "dirty" industries—the dyeing mills, iron foundries and tanneries. With the growing awareness of the need to provide a healthier living and working environment, industrial sources say such development is not a bad thing for Hongkong. "If we are to broaden our industrial base let us do so with clean, modern industries like food processing and electronic parts manufacturing," they say.

As a contribution to broadening the industrial base of Hongkong, the Government set up an Industrial Estates Corporation in 1977, to oversee the development of two areas in the New Territories. So far, 23 industries have signed up for the first industrial estate—at Taiipo—with total minimum investment estimated at \$600m.

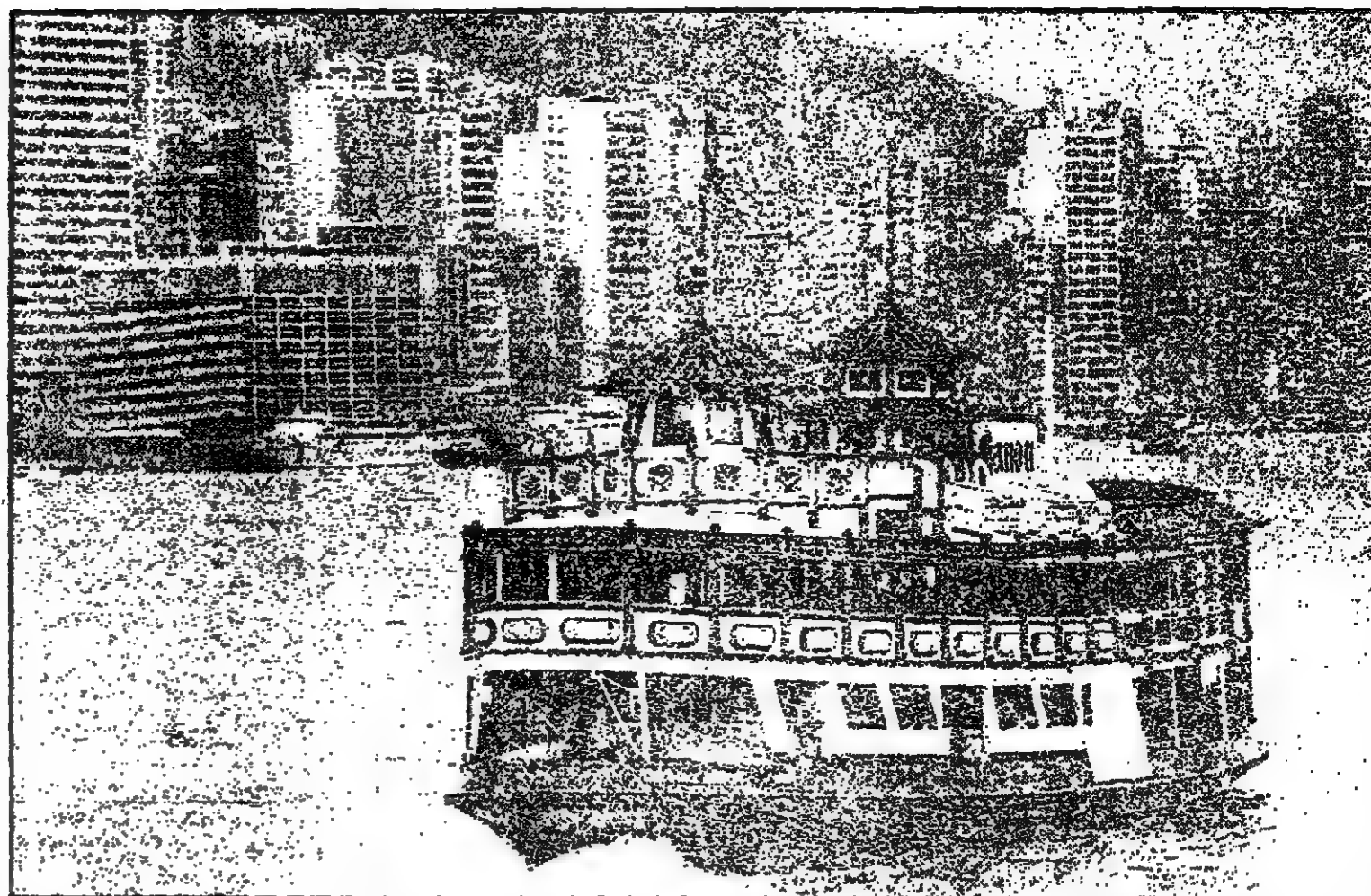
Land in the industrial estates is being leased at \$55 a square foot for 15 years, and the firms undertake to build their own factories. There is provision for 100 industries in these two estates by 1985.

Past performance shows that Hongkong will, as a matter of course, develop markets for products in the promising sectors of machinery, professional and scientific goods, and furniture and fixtures. Any problems which are likely to occur will come in the supply of skilled labour.

The one proposal which will go a long way towards maintaining a steady supply of skilled workers for the future—an industrial training levy—is still being discussed by government departments. Without comprehensive training, funded by a levy rather than the Government, all talk of diversification is a huge waste of time, the industrialists claim.

Mary Lee  
Far Eastern Economic Review

## A fast train to the People's Republic



Traditional transport shown against a backdrop of high-rise concrete.

Despite the world recession, transport to Hongkong by sea, air and land is flourishing. More than five million people arrived or departed by air in 1979; nearly 10,000 vessels cleared the port. Every statistic, from the number of containers and the shipping tonnage to the number of tourists, shows a steady increase. And with China becoming accessible through Hongkong, transport facilities are being stretched.

Nowhere is this more so than at Kai Tak airport, despite rebuilding of the terminus. Signs for passengers in the building have been made clearer, and customs procedures have been streamlined to some extent, although they are still inadequate for arrivals, especially when three aircraft land one after the other.

It is estimated that Kai Tak will not be able to cope with any increase in traffic after 1985, and although there has been much talk about providing a new airport, nothing has been decided. As it will take eight years to build a new airport, Hongkong will be unable to cope fully for at least the years between 1985 and 1988, even if work started now.

Two possibilities for a new airport site have been put forward, and both have their drawbacks. The most likely is in Lantau, the largest island in the territory. The site has been thoroughly surveyed, plotted and studied for development. The disadvantages are that access would be more difficult than to Kai Tak from the city, an area of scenic beauty would be destroyed and, most important, the area is due to revert to China on expiry of the New Territories lease in 1997. Thus the investment would have to pay for itself within nine years, unless some assurance is forthcoming from Peking.

The other possibility, not so far-fetched as it sounds, is for China to build an airport on its side of the border. The obvious drawback is that Hongkong would have no control over it.

Whatever the difficulties at Kai Tak, Hongkong's airline, Cathay Pacific, is working hard towards expansion. Among its plans are its application to share the Hongkong to London route, and there is a strong feeling in Hongkong that it deserves to succeed.

Normally the flag carriers carrying capacity to Honolulu, Vancouver, Seattle, San Francisco and Los Angeles, although it is unlikely to use all these ports of call if a route is established. A spokesman for Cathay Pacific said the airline would probably fly to Canada first and add the United States later. Cathay Pacific would be competing with six other airlines making 52 flights a week to the United States. Most are 747 services, which indicates the big market for this route.

Unaided, the shipping magnates Sir Y. K. Pao and C. Y. Tung, have continued to look for expansion, the former through links with the Japanese and the latter by bidding for the British shippers Furness Withy. Their success is a result of having friends and contacts throughout the world, and of being prepared to take a calculated risk on aggressive marketing.

It is in the links with China, however, that the most exciting developments are taking place. The main connection has been by train, but the drawback was that it took two hours to alight at the border, walk across the bridge, and through customs, and board the train on the Chinese side. A similar performance awaited the traveller coming from Canton to Hongkong.

One year ago, when talks chasing too little cargo, especially west-bound from the United States, has led to thought that such a link was years away. Yet, as with so many Chinese deals these days, the through train appeared out of nowhere.

Last month a second service started.

The journey now takes three and a half hours. It used to take most of the day. This timing will be improved when the Kowloon-Canton Railway, which runs the Hongkong stretch, has completed electrification and installed a double track on all sections.

China is also electrifying its section and is using a system similar to Hongkong's. When all this work is completed the journey should take only two hours, with customs and immigration formalities completed at the station or on the train.

There was no air connection two years ago. Then chartered flights were introduced between Hongkong and Canton for the Canton autumn trade fair in 1978. The service was a six-month experiment, and is still running. The Civil Aviation Authority Administration of China has also considered flights to Shanghai, Peking, Shantou and Kunming.

Rodney Hobson  
Far Eastern Economic Review

By sea, the most important new link is the daily hovercraft service in Hanoi on the Pearl River estuary south of Canton. The Hongkong and Yumatu Ferry Company would like to add a ferry service on this run, and to provide services to other cities such as Shanghai.

The roads also are opening up. A regular container lorry service plies between Hongkong and Canton, and Hongkong taxis and minibuses can be seen in the Chinese border town of Shenzhen.

Peking has indicated this year that it hopes to allow private motorists across the border for weekend holidays at resorts in southern China. And for the really adventurous there is always the Trans-Siberian express from Europe which joins the Chinese railway network. Hongkong is now just a train ride away.

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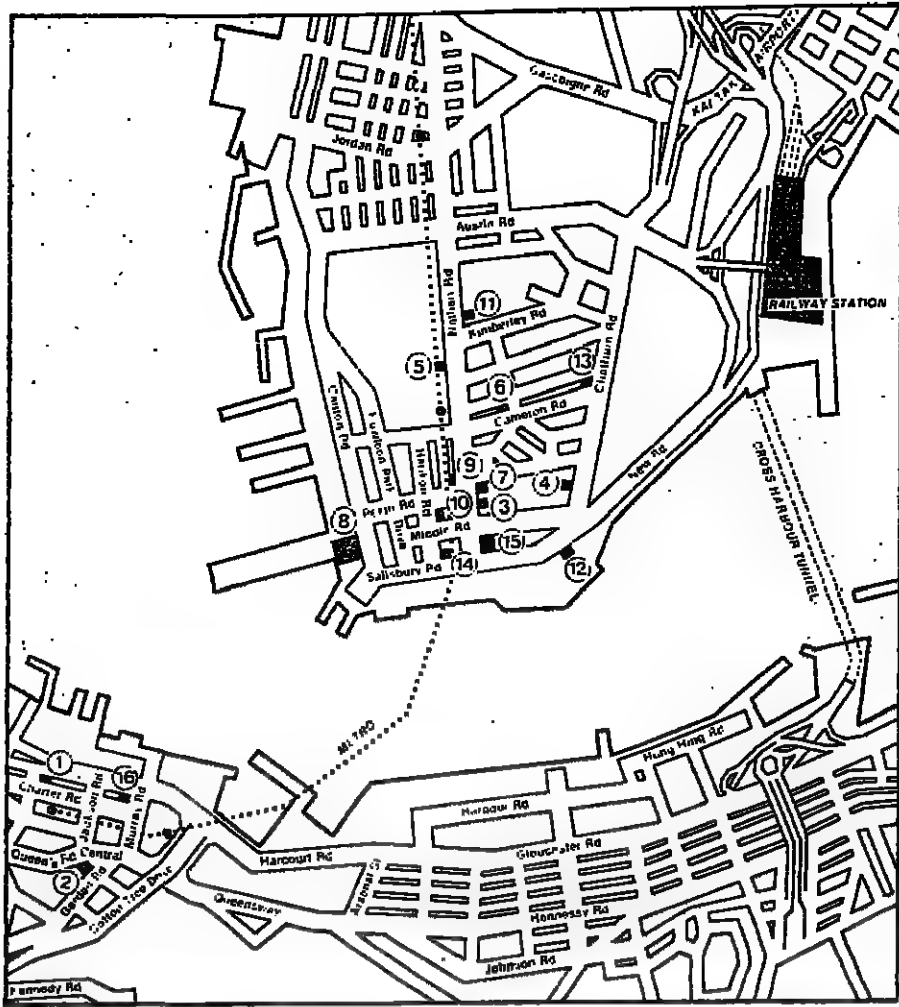
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## For the traveller



## HOTELS (see map)

	Telephone	Telex
Central District, Hongkong island		
1. Mandarin	5-220111	73853
2. Hilton	5-233111	73355
16. Furama Inter-Continental	5-253111	73081
Kowloon		
3. Ambassador	3-666321	73540
4. Empress	3-660211	74871
5. Fortuna	3-851011	74897
6. Grand	3-663331	74838
7. Holiday Inn	3-893111	85332
8. Hongkong	3-876011	73638
9. Hyatt Regency	3-652321	73127
10. Meritt	3-657211	84281
11. Miramar	3-891111	84281
12. New World	3-894111	63860
13. Park	3-861371	75740
14. Peninsula	3-666251	73821
15. Sheraton	3-691111	75813

## How to get there

Kai Tak International Airport, on the north shore of Kowloon Bay, is used by more than 30 international airlines for flights to and from all parts of the world. British Airways has regular and frequent services to the colony from London. The locally-based airline is Cathay Pacific Airways, which offers passenger services to the Middle and Far East, and to Australia. Although it is possible to reach the colony by sea, there are no longer any regular cargo passenger or passenger services between Britain and Hongkong.

## Local Travel

Buses, hired cars and taxis are available to carry passengers from the airport to the Star Ferry and to Hongkong island's Central District. The Hongkong and Yau Ma Tei Ferry and the Star Ferry Companies operate frequent cross-harbour services, beginning at 6 am and continuing until 2 am the next day. There are about 700 miles of well-kept roads, many of them steep and with acute hairpin bends. The bus services are good. Trams operate on Hongkong island on a flat fare basis, and a cable tramway can be taken to the Peak. Taxis without meters are called *pak pai* and are more expensive than those with meters; self-drive or chauffeur-driven cars are available, as are mini-buses and rickshaws. Visiting drivers should hold international driving permits, but a Hongkong licence may be issued without the driver undergoing a driving test, to those possessing valid British licences. The Mass Transit Railway is now in operation, and the colony also has a long-established rail link with China via Canton.

## Weights and Measures

Imperial and local Chinese systems are used, but the colony is changing to the metric system.

## Leisure

A booming tourist centre, Hongkong offers almost everything to the visitor, from topless bars to performances of Chinese opera. Facilities for practically all kinds of sports are available. There are a large number of first-class hotels, and more are being built; accommodation should, if possible, be booked well in advance. Most of the main hotels cater for non-residents, and there are many restaurants offering all types of cuisine. Chinese food is cooked in many different ways; those who are unsure about choice should try an establishment featuring *dim sum*, where trays containing a choice of small dishes are offered. Casinos are popular, and have a total seating capacity of nearly 100,000. Well over 100 daily or weekly newspapers are circulated, about a dozen of them printed in English.

## Time differential

Greenwich Mean Time plus eight hours.

## Travel documents needed

Visas are not required by most tourists or by holders of British passports issued in Hongkong or in Britain. According to nationality, tourists are allowed into the colony for periods varying from a week to six months. If visas are required for on-ward travel from Hongkong (to China, for example) it is best to get them in London.

## Currency

The colony's currency is the dollar, divided into 100 cents. Notes are issued in 10, 50, 100, 500 and 1,000 denominations. Coins are in five, 10, 20 and 50 cent and one, two and five dollar units. HK\$10.99 = £1.

## Customs, advice to visitors

Hongkong has an active social life. Clubs are often used for lunchtime activities and for cocktail parties, but restaurants are favoured for dinner. Chinese businessmen frequently offer visitors eight to 12 course meals of Cantonese or Peking-style food. It is customary to drink a toast, with the greeting *jeun sing*, as each course is served, but drinking is not obligatory. Good appetites are appreciated, but the visitor is not deemed impolite if he chooses to eat sparingly; informality is the keynote.

## Shopping

Hongkong is a shopper's paradise. Fixed prices are charged in the established stores, but at stalls and in bazaars and establishments catering for local people, it is still possible to bargain. The Tourist Association issues a guide which gives useful price lists for a range of items; there are also guides to jewelry and tailoring. Visitors are advised to ignore touts and shopkeepers who call them from doorways.

## What to wear

Light or tropical-weight suits and shirts and ties are favoured by businessmen in the summer and lighter, British-style garments from November to February. A lightweight dinner jacket is useful for formal occasions, but tailors can make up visitors' requirements at fairly short notice. Light raincoats and/or umbrellas are needed in the rainy season but can be bought locally at low cost. Women should take light, washable clothing in summer,

together with cardigans or wraps for the evening. Woolen dresses and suits, and lightweight coats, are recommended for the cooler months. Most public places are air-conditioned.

## Electricity

Domestic supplies are 200V AC 50 cycles and industrial power is 200/345V, 3-phase 4-wire, 50 Hertz. Plugs and sockets vary; most are 5 and 15 amp, but 13 amp fittings are standard in the public buildings.

## Language

English and Chinese are the official languages. In the urban areas Cantonese predominates, but several other Chinese dialects are spoken. Dialects do not affect written Chinese, because the symbols are ideographic rather than phonetic. Some Portuguese is spoken.

## Climate

The sub-tropical, monsoonal climate is extremely variable. Dry and sunny weather is common during the autumn and early winter. After this, cloud frequently builds up, sometimes bringing rain, but fairly persistent rain, Spring is often humid, and cloud, fog or drizzle are not uncommon. Summers are hot.

Average rainfall in the colony is more than 85 inches a year, with three-quarters falling between May and September. High winds and heavy rain are sometimes brought on by tropical cyclones passing in the vicinity. The coldest month is usually February (mean daily temperature 15°C, or 59°F) and the hottest July (28°C, 82°F).

## Health regulations, water

Protection against cholera, typhoid and paratyphoid is recommended, and a small-pox certificate may be required if the visitor is arriving within a fortnight of having left an endemic zone or infected area. But the rules vary, and it is as well to check with the authorities before leaving.

Health standards in Hongkong are high; there are many excellent doctors and dentists, and the hospitals are good. Water should be boiled before drinking, and raw fruit washed, to minimize the possibility of stomach upsets.

## Public Holidays

1980/81  
Ching Ming Festival Mar 31  
Easter Apr 4-7  
Queen's Birthday Apr 21  
Tuen Ng (Dragon Boat) Festival Jun 17  
First Monday in August Aug 4  
Liberation Day Aug 25  
Day after mid-Autumn Festival Sep 24  
Chung Yeung Festival Oct 17  
Christmas Dec 25-6  
New Year's Day Jan 1  
Lunar New Year's Days Feb 5-7  
Many Chinese business undertakings close for a week.

## General

## Country

The colony consists of nearly 240 islands and a small portion of the south-east mainland of China. Hongkong island—where the capital, Victoria, is situated—is about 20 miles east of the mouth of the Pearl River. Some 80 miles to the north-west is Canton, and 40 miles to the west the Portuguese province of Macao. The island has a ragged coastline, and the highest point is Victoria Peak (1,805ft); it is about 11 miles long, two to five miles broad, and covers 29 sq miles.

Hongkong island is linked to the Kowloon peninsula, on the mainland to the north, by a mile-long road tunnel and the Mass Transit Railway. Kowloon (with Stonecutters island, 5 sq miles) is in turn linked to the New Territories (370 sq miles), which are on the southern portion of China's Guangdong Province and include a large number of islands. The New Territories have peaks rising to 3,140ft (Tai Mo Shan).

Victoria Harbour lies between the capital and the mainland, being separated from it at the eastern end by the narrow Lei Yue Mun Strait. Some land—notably in Hongkong island and Kowloon—has been reclaimed from the sea. The colony's total land area is 404 sq miles.

## History

Hongkong (originally Heung Kong, or "Fragrant Harbour") became a British possession in 1841, after Britain and China had clashed over the Chinese attempt to enforce laws against the profitable opium trade. Occupation of that island in January of that

year was formally confirmed by the 1842 Treaty of Nanjing. Twelve years later, under the 1860 Peking Convention, China ceded part of Kowloon ("Nine Dragons"), on the mainland, and Stonecutters island.

The New Territories and a large number of adjacent islands around Hongkong were leased to Britain for 99 years in an 1898 agreement. These three areas together make up the modern Crown Colony of Hongkong. The territory was occupied by the Japanese from Christmas Day, 1941, until August 30, 1945.

## Flag

British Blue ensign carrying Hongkong's armorial bearings on a white disc set into the fly.

## Population

The numbers are growing rapidly. At the end of the Japanese occupation in 1945, the population was put at about 600,000. Five years later it had reached nearly 2,250,000, and the 1976 census produced a figure of a little under 4,400,000. Official estimates suggest a total of more than five million at the end of 1979, with only about 65,000 non-Chinese, most of whom were of British origin. The population is still very young, with about 40 per cent below 20.

## Buddhism and Taoism

have undergone a revival in recent years, as fresh immigrants have arrived from China. But there are more than 400,000 Chinese Christians, and fairly small but active communities of Muslims, Parsees, Hindus, Russian Orthodox and Jews.

## Main cities

Victoria, the capital of the colony, stands on the northern shore, facing Kowloon across the harbour. Government, business banking activities are concentrated in the Central district. Very good ferry services, together with a tunnel and the new Transit Railway, link capital with the mainland.

Kowloon, across the harbour, is the main food area; but new town have been constructed, being built in the Territories, and they have factories. Tuen north-west of Kowloon Kwun Tong, in the south have largely been built on reclaimed land. Tuen and Sha Tin are still developed.

## Hours of Business

Many factories work a day week, but most commercial houses close Saturday afternoon and day. General and government office opening hours: 9 am to 5 pm Monday to Friday, and 9 am to 12 pm on Saturday. Banks operate from 9 am to 3 pm Monday to Friday, and 9 am to 3 pm on Saturday.

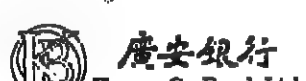
## Hongkong Government

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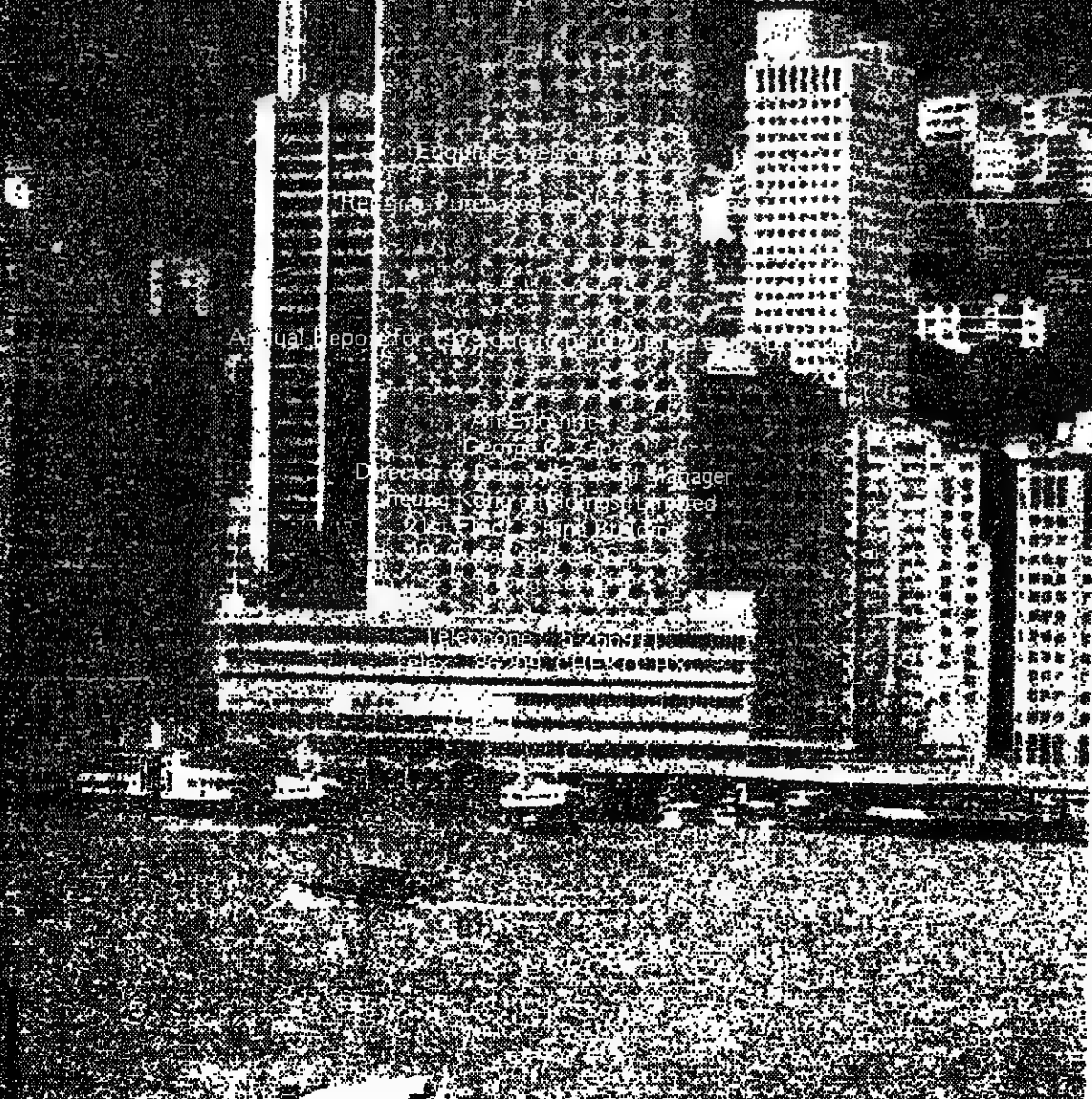


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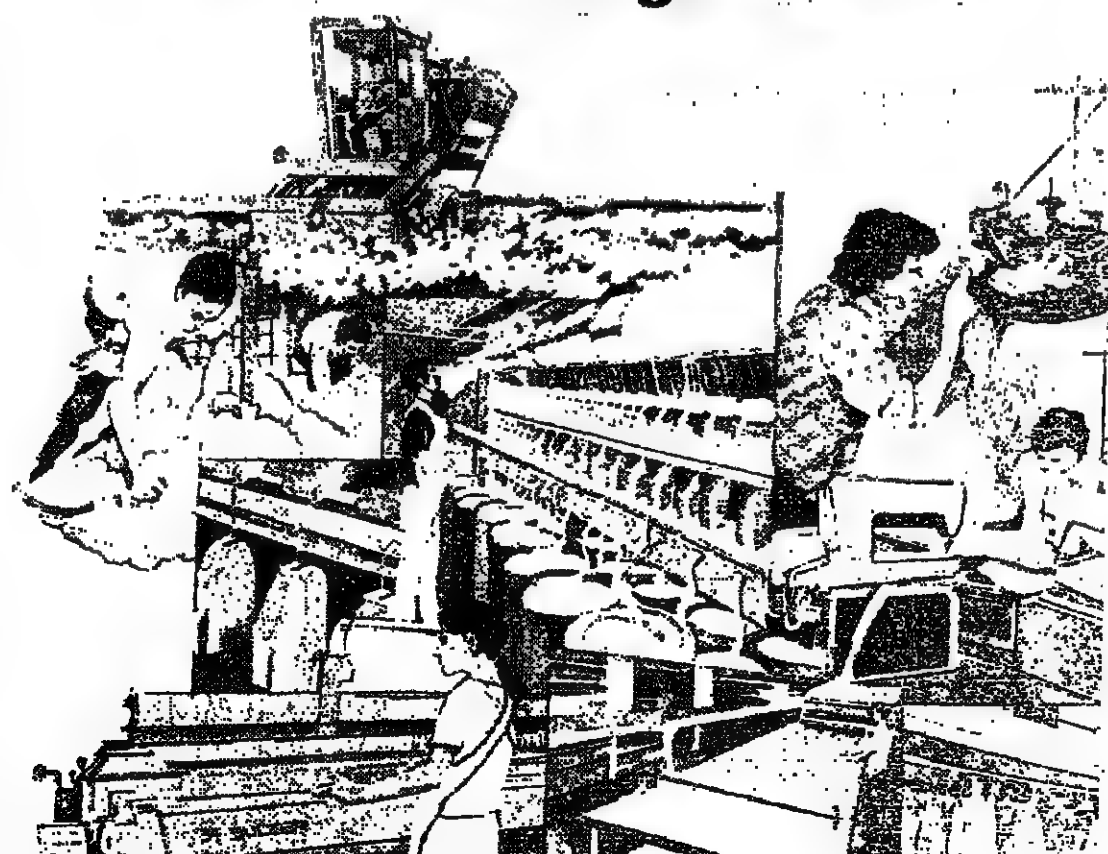
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## Principal Subsidiaries

- |   |   |   |  |
|---|---|---|--|
| <b>Spinning/Weaving</b><br>East Sun Textile Co. Ltd.<br>Oceanic Cotton Mill Ltd.<br>Soco Textiles (HK) Ltd.<br>Winner Co. (HK) Ltd. | <b>Garment Making</b><br>Park Garments Ltd.<br>San's Clothing Pty. Ltd.<br>San Lee Clothing Pty. Ltd.<br>Winner Co. (HK) Ltd. | <b>Wool Spinning</b><br>Fibres & Fabrics Industries Ltd.<br>Hilwin Enterprises Ltd.<br>Macao Woollen Spinners Ltd.<br>Oriental Pacific Mills Ltd.<br>Pacific Woollen Mills (Macao) Ltd. | <b>Wool Knitting</b><br>Hilwin Enterprises Ltd.<br>Macao Knitters Ltd.<br>Macao Knitters (HK) Ltd.<br>Oriental Pacific (Export) Ltd.<br>Soco Knitters (HK) Ltd.<br>Standard Knitting Pty. Ltd. |
|---|---|---|--|

**Finishing**  
Pacific Dyeing Works Ltd.  
South China Bleaching & Dyeing Pty. Ltd.

**Textile Trading**  
Evolve Ltd.  
Fabutex Ltd.



## Industry and politics

**Government**

Sir Crawford Murray Kenneth Wallis, Joseph MacLehose, Director of Home Affairs: Hon John Charles Geasey

Commander, British Forces: Major-General Sir Roy Michael Frederick Redgrave, Walden.

Attorney-General: Hon J. C. Griffiths, QC.

Chief Justice: Hon Sir Denys Roberts.

Chief Secretary: Hon Sir Jack Cater.

Financial Secretary: Sir Charles Philip Haddon-Cave.

Deputy Financial Secretary: Henry Ching.

Secretary for the Civil Service: Hon Martin Rowlands.

Secretary for Economic Services: Hon D. G. Jefferies.

Secretary for Environment: Hon D. J. C. Jones.

Secretary for Home Affairs: Hon Li Fook-Kow.

Secretary for Housing: Hon A. J. Scott.

Secretary for Information: David R. Ford.

Secretary for the New Territories: Hon David Akers-Jones.

Secretary for Security: Hon L. M. Davies.

Secretary for Social Services: Hon Eric P. Ho.

Director of Agriculture & Fisheries: Hon J. M. Riddell-Swan.

Director of Education: Hon



## Electricity and Gas

Electricity consumption rose 8 per cent last year compared with 10 per cent in 1978, reflecting the higher prices and government conservation measures. Consumption in the domestic sector increased only by 3 per cent, while that in the commercial and industrial sectors increased by 10 and 11 per cent respectively.

In 1979, electricity was for the first time exported to China. The amount involved was equivalent to 3 per cent of total Hongkong consumption.

Gas consumption was 21 per cent higher last year.

## Local Officials

His Excellency

	Number of establishments				Employment ('000 persons)			
	1975	1976	1977	1978	1975	1976	1977	1978
Banking (mainly banks)	885	813	870	928	26.5	28.6	30.5	33.8
Insurance	1,258	1,345	1,487	1,632	8.4	8.8	9.5	12.2
Finance	244	229	420	456	3.9	4.1	4.8	5.3
Real estate	1,445	1,643	1,904	2,059	8.4	10.4	12.8	14.4
Wholesale and retail trade	1,855	1,872	2,303	2,669	18.7	20.6	25.4	29.5
Food and drink	6,285	6,962	6,994	7,784	66.0	72.5	63.1	65.2

Legal services, accounting and auditing services, engineering, architectural and technical services.

	1977	1978	1979
End use	7,541	8,547	9,988
Consumer goods	11,438	18,757	21,530
Intermediate goods	2,834	2,982	4,876
Capital goods	20,391	26,624	37,507
Services	6,500	8,165	12,156
Exports	48,701	63,056	85,837

	1977	1978	1979
Textiles (fur cloth)	13,679	15,295	19,406
Textiles (other)	1,931	2,192	3,110
Textiles (total)	15,610	17,487	22,516
Textiles (total)	15,610	17,487	22,516
Textiles (total)	15,610	17,487	22,516

	1978	1979	Percentage change
Non-metallic mineral products	5.75	5.07	+33.0
Metals	4.52	3.56	+27.4
Chemicals	1.18	1.18	+0.5
Plastics	1.63	1.17	+39.0
Textiles	8.99	7.81	+27.1
Food and drink	3.14	2.43	+28.8
Other	1.01	0.73	+37.6
Manufactures	8.85	6.32	+37.0
Services	4.30	3.78	+14.2
Exports	1.13	0.90	+24.9
Imports	3.46	3.27	+22.6
Services	3.98	2.80	+37.0
Manufactures	0.38	0.30	+7.2
Imports	3.31	2.50	+32.3
Exports	14.06	10.96	+28.2

Hongkong trade statistics

## Overseas trade (\$HK m)

Country	1977
<b>Sources of Hongkong imports</b>	
Japan	11.5
China	8.8
United States	6.0
Taiwan	3.3
Singapore	2.6
Britain	2.1
Rest of the world	14.1
<b>Total</b>	<b>48.7</b>
<b>Markets for Hongkong's exports</b>	
United States	13.3
West Germany	3.3
Britain	3.1
Japan	3.0
Australia	1.1
Canada	1.1
Rest of the world	10.0

Source: Department of Trade

## Main exports to Britain (\$2m)

	1976	1977	1978	1979
Clothing & accessories—mainly of cotton & made-made fibres	230.89	215.05	251.54	307.85
Manufactured goods—mainly yarns, fabrics, precious stones, gold sources	77.50	70.76	79.21	104.79
Machinery—mainly radios, calculators & components	30.74	38.93	58.24	81.45
Miscellaneous—mainly toys, books & decorations	54.88	70.09	71.89	96.30
Watches	13.07	23.22	33.54	45.85
Total	439.50	454.06	531.37	690.70

Source: Department of Trade

## Visible trade balance (\$HK '000m)

	1977	1978	1979
Exports	35.00	40.71	55.91
Imports	48.70	63.06	85.84
Reexports	9.83	13.20	20.03
Balance	-3.87	-9.15	-9.90

Figures in brackets are the change over corresponding previous period.

Source: Hongkong trade statistics

## Primary production

Limited arable land and mineral resources restrict outputs from agriculture, fishing, mining and quarrying. Income generated from these primary industries provides less than 2 per cent of gross domestic product. But even so, about 40 per cent of Hongkong's total supply of fresh vegetables is local grown and well over three quarters of fish requirements are caught or farmed locally.

Mining is limited to field-spar, loam and quartz. The building and construction boom in recent years has resulted in a heavy demand for aggregates from quarries and there has been some

shift from the use of marine sand to quarried sand.

## Trade

Hongkong's export performance in 1979 was remarkably good. The value of domestic goods exported at \$55,912m was 37 per cent higher than in 1978. In real terms the increase was about 17 per cent. As the growth rate of imports was about 10 per cent, the end of the year were still rapid and order books were full, it looks as if this successful performance will continue at least into the first half of 1980. About one quarter of the total imports were reexported, mostly to Japan and the United States.

## Industry

The five largest industries are: clothing manufacture (277,270 employees), electrical appliances and electronics (117,713), textiles (100,825), metal products and machinery (98,387), plastics products (87,853). Together they account for well over three quarters of the 800,000 jobs available in manufacturing employment.

All sectors have been confronted with problems including keen competition posed by neighbouring countries, high inflation and increases in interest rates. But despite this, the manufacturing industries did better than expected last year. With the exception of the plastics industry—which was affected by materials shortages—nearly all sectors expanded at a steady pace. Clocks and watches were among the fastest growing industries.

Clothing. Nearly all product lines registered increases in exports. Slow market conditions in the United States were compensated for by an upturn in the EEC markets. In particular, Germany's demand continued to perform reasonably well. Shirt-making and outer-garments production showed slight changes in the product pattern. In the cotton knitwear sector there was a pronounced movement towards higher quality products.

Textiles. Production in the spinning and weaving industries increased by 7 per cent in the first three quarters of 1979 compared with the corresponding period of 1978. Exports of textile fabrics and ready-made clothing rose respectively 21 and 24 per cent in this period. The number of weaving looms installed in the third quarter was 7 per cent higher than a year earlier. The rate of use was 96 per cent. The number of textile yarn spindles installed dropped by 4 per cent, but the rate of use was high at 95 per cent.

Electronics. This is the second largest industry in export earnings. A more integrated production system has been developed with increased manufacture of electronic components and parts to reduce dependence on imports of foreign components. New growth areas have been centred around microprocessor-based games, domestic computers and high quality led (liquid crystal display) watches with more functions.

Plastics. Product lines including conventional toys and dolls, plastic flowerpots and planters have been giving way to high quality creative toys and electronic devices. Smaller manufacturers were hardest hit by materials shortages and sharp price increases.

## Expenditure on the gross domestic product

(\$HK m) at current market prices	1977	1978*	1979†
Gdp components			
Private consumption	39,126	48,767	57,686
Government consumption	3,675	4,453	5,503
Investment	12,830	15,907	25,298
Exports of goods	44,833	53,907	75,966
Imports of goods	(42,793)	(63,263)	(86,469)
Exports less imports of goods	6,059	7,293	10,016
Exports less imports of services	1,702	1,105	—637
Increases in stocks	59,428	69,174	87,345
Total expenditure on gdp	160,923	190,366	239,808

\* Provisional estimates

† Preliminary estimates

## Labour force (land civilian non-institutional population age 14 and above)

	1978 Mar	1978 Sep	1979 Mar	1979 Sep
Labour force	2,090,000	2,058,000	2,093,000	2,194,000
Unemployed	60,000	56,000	58,000	75,000
Employed	1,940,000	2,003,000	2,048,000	2,120,000
Labour force participation rate	60.7%	60.9%	59.8%	60.7%
Unemployment rate	3.0%	2.7%	2.8%	3.4%

## Labour situation

Employment in the manufacturing sector grew rapidly throughout last year and by December, at 871,000, was 6.6 per cent higher than a year earlier. Within these figures, the textiles and clothing industries rose by 2.3 per cent, while the electrical electronics sector went up by 20.2 per cent. Employment on building and construction sites increased 15 per cent during the 12 months to September 1979 to reach 80,000.

Total population rose by an alarmingly high 3 per cent last year, compared with 2 per cent and 3.3 per cent in 1977 and 1978. Not only in 1979 but also in 1978 and 1979, this included legal and illegal immigrants from China and other countries, but excluded Vietnamese refugees, who numbered about 85,000 at the end of October.

Although not all the new arrivals were of working age or participants in the labour force, the numbers involved were large enough to affect significantly conditions in the labour sector. Most employers welcomed the influx of immigrants as an additional source of labour, but for employees the effect was that wages and earnings did not increase as rapidly as otherwise they might have. By September 1979, wage rates at least for manufacturing workers were in real terms less than in March, notwithstanding a nominal 4 per cent increase.

At the end of the year, there was no sign of any slowing in the growth rate of demand for labour in spite of the uncertainties surrounding the economies of Hongkong's main trading partners.

## The economy

Hongkong's economy has grown rapidly during the past four years with an annual growth rate of the gross domestic product in real terms of 10 per cent or higher. The success has been caused mainly by the export prowess of the manufacturing industries and a continuing rapid expansion of Hongkong's export role, particularly as a reexport of goods imported from China.

The preliminary estimate for the gdp for 1979 is \$27,345m, representing a 26 per cent growth in money terms and 11 per cent in real terms over the estimate for 1978. The growth rate in real terms of per capita gdp slowed down to only 5 per cent, because of the unusually rapid growth-rate of the population arising mainly from legal and illegal immigration.

In absolute terms, per capita gdp last year was \$HK17,825 (\$US3,560) which, compared regionally, was probably second only to Japan and roughly equal to Singapore.

The growth rate in real terms of total exports was 20 per cent, significantly higher than the 9 per cent growth of domestic demand. Export sales were helped by a depreciation of the Hongkong dollar during the 12 months to mid-1979 and the increased supply of labour. Wage rates and earnings increased at a slower rate.

The price of land, properties and rents increased rapidly during 1979, reflecting a tight property market. 9 per cent. There was a significant shift in spending from civil engineering, including the Mass Transit Railway, to building.

year and, within this, the price of fuel and light went up by 54 per cent.

For industry, the prices of raw materials and semi-manufactures averaged more than 20 per cent higher, much in line with movements in world prices. Price increases for plant and machinery, mostly imported, were about 10 per cent in 1979.

Expansion of the financial sector continued rapidly. The number of licensed banks in operation rose from 88 to 105 over the year and employment increased by 20 per cent.

Money supply (M3) grew by 30 per cent, or \$22,846m, while bank loans increased by \$19,395m. Best lending rate rose from a level of 41 per cent before May 1978 to 141 per cent in August 1979.

## Tourism

At the end of 1979 there were 46 hotels in Hongkong with a total of 14,353 rooms, compared with 50 hotels and 13,500 rooms two years earlier. The number of tourists increased by 8 per cent last year, less than the growth rate in 1978.

## Building and construction

All types of properties, the total floor area of plans for which consent was given in 1979 was 6 per cent less than in 1978. Estimates of expenditure on buildings and construction showed a growth of 4 per cent in real terms, significantly less than a year earlier. The labour and materials cost index was 38 per cent higher in November 1979, over the previous 12 months.

In 1978 the public sector (including the Mass Transit Railway Corp) took up 49 per cent of total output of the building and construction sector. Private spending grew by only 7 per cent in real terms, while public expenditure grew by 26 per cent. Estimates for 1979 show the proportion moving back in favour of the private sector (53 per cent private, 47 per cent public). Public expenditure, including that by the MTRC, is estimated in 1979 to have fallen in real terms by 1 per cent, while expenditure grew by 9 per cent. There was a significant shift in spending from civil engineering, including the Mass Transit Railway, to building.

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## State lottery and horses provide only legal gambles

Imagine serious-faced Chinese in dark suits, perfectly folded newspapers on their laps, roulette wheels, fan-tan buttons and hi-lo dice flashing in their eyes. Such is the scene on the first jetfoil of the day from a grimy wharf in Hongkong's Central district to the Portuguese colony of Macao, 40 miles down the coast.

It is not difficult to detect a note of resentment, too. The Chinese love of games of chance is denied to the inhabitants of Hongkong. There, strict gambling laws forbid betting on anything but horse racing and the state lottery, and that only through the Royal Hongkong Jockey Club.

But this does not serve to dim the Chinese passion. In 1978, £65m was placed in bets with the Jockey Club, nearly five times as much as was spent, on course and off, by the whole of Britain on the Tote. The profits have gone partly on catering for even more gambling.

The territory's lovers of the turf can now choose between two courses—the original Jockey Club track at Happy Valley, an unlikely green and brown blob in urban Hongkong's island corridor—or the new course at Sha Tin, a plush complex by the sea in the New Territories.

It is at Sha Tin that Hongkong's legal gambling community comes into its own, filling the visitor with the impression that half of the colony is trying to make the cash to enable it to bet as madly as the other half.

A large video screen shows punters any parts of the race they may have missed and relays the latest odds on any number of highly complex bets with names like quinella and six up, which can prove baffling to newcomers from English tracks.

You even have to bet in pairs. Last year, 856 Jockey Club members paid between £3,000 and £5,000 for tickets in a draw for the privilege of running an animal at Happy Valley or Sha Tin. Regular rides are guaranteed because of the small number of good animals in the territory, and a reasonable animal can easily recoup its owner's costs. Then, of course, there is always the status value of being a racehorse owner, something anyone who has seen Chinese eyes appraising



The bustling streets of Hongkong, where illegal gambling abounds.

their mounts in the ring can never over-estimate.

The Chinese may buy and, in many cases, ride their own animals, but the training skill is solidly British. One of the more successful trainers is Mr Gordon Smyth, who won the 1986 Derby with Charlottown and now lives in a new flat in the Sha Tin stabling complex. Paid him 10 per cent of all the stakes laid down to fourth place, which can account for £5,000 in a season.

A number of jockeys are retained on a similar basis, but the ready profits attract many top British riders looking for a break in pleasant, tax-free surroundings, and 10 per cent of the £5,000 to £6,000 prize money for a win.

Proceeds from the bets have made the Jockey Club, which is not allowed to make a profit, into Hongkong's largest supporter of charity and community projects. The Ocean Park, a large leisure complex near Aberdeen on the island, hospitals, clinics, schools and community facilities, have all benefited from the club's hospitality. The Government received about £57m in betting rev-

enues in 1979, accounting for 9.5 per cent of its total revenue.

However, the club is not without its critics. It is accused of encouraging Hongkong's already gambling-happy population to bet even more. And like all good, powerful cliques it is frequently denigrated for elitism—always, of course, by those not selected for the elite. Still, there remains some truth in the old saying that power in the territory rests in the Hongkong Club, the Jockey Club, Jardine and Matheson, the long-established export firm, and the Government—in that order.

There can be little doubt that many of the criticisms strike a raw nerve among the territory's touchy elite. The application of white Western values to Hongkong affairs is, however, often a fruitless exercise. There is no mistaking the sentiment in the eyes of the public enclosure watching the members' enclosure watch the private boxes. It is a look of unemotional envy, not of resentment. Hongkong's poor do not want to replace the rich, they want to join them. One claim by the Jockey Club does need to be treated with a certain amount of circumspection: that it has helped to stamp out a large amount of illegal betting by being allowed, since 1974, to open off-course offices. This certainly has closed some

illegal syndicates, increasing the Jockey Club's takings from £95m in 1974 to £362m in 1978.

But no amount of legislation could wipe out the Chinese passion for gambling in its most obscure forms. The most complex bet devised by the Jockey Club still lacks the element of pure luck, untrammelled by vulgarities, such as skill demanded by the traditional Hongkong punter.

Placing bets on the mah-jong games which turn Hongkong nights into a symphony of ivory rattles and Cantonese curses is strictly illegal. But who can enforce such a law even when the family concerned is playing on the skyscraper balcony to ease the humidity of the steamy island evening?

Even a Chinese child can play with *po chi kek*, a sweet machine outside stores which, from time to time, dispenses a 10 cent coin. More serious gambling rings operate with Triad connections, notably *hung piu*, a weekly draw, and *chi far*, a numbers game popular among working-class women. Both run secretly through neighbourhood shops in a similar way to American numbers rackets. The commonest form of illegal social gambling, apart from mah-jong, is *yu her hai*, a dice game using pictorial symbols instead of numbers.

Secrecy is an aspect of many sides of Chinese life but it is not taken lightly in gambling, an activity enjoyed with only slightly less ostentation than eating out. That, more than anything, explains the success of Macao, nine square miles of territory ostensibly under Portuguese administration, but in fact run totally by businessmen answerable to Peking.

There, 24 hours a day, seven days a week, Hongkong gamblers visit the golden roulette wheels of the Lisboa Hotel and play fan-tan, a leisurely way of losing money by guessing the number of buttons left in a heap by the croupier, or hi-lo, a complex dice game.

Westerners would be well advised to stick to roulette. The Chinese games generally favour the bank much more. In the case of fan-tan by as much as 10 per cent compared with about 1.35 for roulette. In 1978, the Chinese gambled in Macao in 1959, and remarked: "Anybody who gambles at those odds is either off his head or a Chinaman".

The Chinese bitterly resent the fact that greyhound racing is banned in Hongkong and Rock to the Macao track each weekend. Like all good Macao businesses, the betting and tourist industries are administered by good members of the Chinese Communist Party. It may be said truly that the only running dogs on Macao are the ones which tear around the Canidrome on the Avenue do Almirante Lacerda.

By condoning Macao's gambling activities China keeps the colony alive. Revenues from the tracks and tables provide more than half the colony's income; without them, Macao's delicate veil of order would follow its 300-year-old Portuguese colonial buildings into progressive decay.

Peking is much too polite to ask for any obvious signs of debt, though there has been one occasion when it became apparent to all of Macao's moneyed visitors. Since the war, gambling has ceased completely on only one occasion, for three minutes on September 9, 1976. One of capitalism's more decadent pastimes was paying its respects on the death of Chairman Mao.

David Hewson

## A police case of advances and humiliations

An official review of the Royal Hongkong Police Force notes that the 1970s were one of the most momentous decades in the force's 137-year history. It talks of advances and "giant strides" in various areas. But it does not say that the 1970s were wounding as well as momentous; that they were marked by corruption, shame, shattered public confidence and an angry and unruly demonstration by police officers amounting almost to a riot.

The police can hardly be blamed for emphasizing the positive and trying to place the bad events firmly behind them. They have an extraordinary task in an extraordinary place and they want to get on with the job.

Moreover, they have considerable achievements to report. They are winning big battles in the war against narcotics rings; the large drug-importing syndicates have been smashed, and the barons have either fled or are in jail. The crime rate has been held in check—and any police officer would admire Hongkong's 57 per cent detection rate. The force has grown larger, is better equipped and better trained, and now employs advanced radio and computer equipment in its fight against crime.

Also, and very important, the police feel that they are steadily winning back public confidence and, with it, their own pride.

Both were at a low ebb for much of the 1970s. In 1974, Sir Murray MacLehose, the Governor, set up the Independent Commission against Corruption (ICAC) and this began to smoke out the rotten elements of the administration and the police.

Over the years Civil Service and police discipline had grown lax. Corruption became endemic. So it was hardly surprising that thousands of complaints were made to the ICAC and nearly half of them concerned the police.

Scores of policemen were brought to court and others left the colony. In 1977 Sir Jack Cater, then head of the ICAC, said that his organization was waging a fierce war against corruption and was investigating 23 corrup-

tion syndicates, 18 of them rooted in the police force. With the investigative heat building up, many junior officers began to feel more than uncomfortable and complained that they were being victimized. And, as tension grew, a crowd of about a hundred police officers stormed the ICAC offices and assaulted some of the investigators. The ICAC increased its protection for both its premises and its senior staff.

The police had few friends in all this. And their unruliness helped to dispense any latent sympathy for their point of view. The people were fed up with them, with their abuse of power, with the failure of senior officers to keep order. In general, the public was happy with the work of the ICAC, because it had seen that the old anti-corruption bureau run by the police had been ineffective.

Since January, 1977, the ICAC has investigated 2,001 corruption cases, more than 1,100 involving police officers. And in the past five years 345 police officers have been prosecuted.

The anti-corruption operations have clearly weeded out most of the men who were "on the take". A number of officers have resigned, feeling disillusioned and demoralized. As a result of all this, the force has had to be rebuilt in more than one sense.

"I think most police officers feel that the bad days are gone and that the force is in many ways a new one," a senior officer said. "And this force feels that it has nothing to be ashamed of."

The Hongkong force is a young one; in the past years 3,000 new people have been recruited, and more than two-thirds of its officers are in their first two or three years of service. There is no difficulty in getting recruits.

Inside the force there has been improvement in the provision of quarters, and in medical and catering services. And the Junior Police Officers' Association, formed at the height of the turmoil of 1977, is now considered to play an important part in the development of good relationships.

It was not always so. There was a time when the JPOA

was viewed with suspicion, almost as a subversive organization; but there is now a general recognition that it has a role to play.

On reflection, the senior officer said, "we were a bit late in allowing it to be set up. We now know that through the JPOA problems surface fairly quickly."

Meanwhile, there is a slow thaw in the relationship between the police and the ICAC. "The ICAC is unlikely to be popular with the police in the foreseeable future," he said. "After all, many policemen feel uncomfortable about it and the way it works: it is a law enforcement agency operating outside the force and some policemen have been concerned about the sort of long interrogations it conducts."

There is a feeling that the ICAC is keeping an eye on the force. But we have to recognize that the agency keeps an eye on anyone who could be contaminated by corruption, and because they operate very close to the public, policemen are bound to be vulnerable in this respect. In the long run, policemen would like to see the operational side of the ICAC brought back into the force. But we are realistic: no one believes that this function will come back to the force for a long time.

Gradually, however, the police and the ICAC are trying to reach some kind of understanding. Senior officers in both organizations are getting together for seminars on subjects of mutual interest and are having social gatherings in each other's messes.

"But we recognize that there is still a long way to go before we get a perfectly happy relationship," the officer said. "What we aspire to is the sort of relationship that exists between our narcotics bureau and the customs and excise, a friendly rivalry that keeps us on our toes and benefits the public."

The ICAC is firmly established in Hongkong and is much more than a symbol of changed attitudes in the colony. "Walk Tall—Report Corruption," the advertisement on television say. No one pretends that corruption will disappear. In such a rumbustious and free-wheel-

ing place it will, almost as a lubricant, be there for a long time.

Earlier this year, now assistant, said of the ICAC, "people of Hongkong accepted that the ment is determined: out corruption. O achievement has eradicated syndicated tion and the big sy no longer exist. The ruption still in the sector and there is corruption in some the public service. ICAC but I think it be concentrating a prevention and ch relations."

The future of th poses interesting it was created to d ain job, and has co most of it. But such once they have grow are difficult to c indeed, they tend more strongly and Some people are al this what will happa ICAC, and is it righ should?

The police force, while, is growing and nating to meet the la and, varied, pressure. The force is now m 19,000 strong and, support of 5,000 v auxiliary police offi a civilian establish 4,000. The CID re one fifth of the ma

The police are lo their contact with th by strengthening th and civic and commu and by broadening th borough-policing, by which small units o officers build up g tionships with pe housing estates.

There has been rai tion of internal man and changes in welfa relations, and pr systems with the int improving "morale discipline and relati between senior and officers. There is a gr self-respect within th Public confidence is won back gradually. police are satisfied th are getting a good s last, after the years grace.

Trevor Fisl

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## IS THATCHER'S DISSIDENTS

It is always difficult to assess the weight to be attached to a majority vote in the House of Commons when much of the debate has taken the form of a series of attacks on the Government. A large majority of the House on Monday evening endorsed the Government's call for the Olympic Games in London, but those who took this vote numbered slightly under a whole House. If there were to assume that all who abstained from one or another vote in fact, then it would follow that the Government had failed in the ringing endorsement had sought. The most likely conclusion, though, is some way between the size of the majority and making the naive judgment that all were an expression of support, on an occasion when the Government has been backing for its stand strong enough to make it difficult for any other party to challenge it. It is not surprising that the Government has been backing for its stand strong enough to make it difficult for any other party to challenge it. It is not surprising that the Government has been backing for its stand strong enough to make it difficult for any other party to challenge it.

Parliament was to exercise moral pressure upon the sportsmen. Why has the general public reacted so differently from the Government and Parliament? The first answer must be the depressing one that for many people Afghanistan appears as a small, far-off country of too little direct consequence to Britain to justify the abandonment of our accustomed activities, especially when these activities are as popular as the Olympic Games. This dulled reaction should not be mistaken for approval of the Soviet invasion of Afghanistan. The Government is unquestionably speaking for the British people in condemning the Soviet action, but there is a certain sleepy public response in pursuing that condemnation into action.

Secondly, there is a reluctance to endorse sport with politics. It is significant that the polls also reveal strong opposition to boycotting sporting encounters with South Africa. This judgment is often combined with a belief, which is not justified by the facts, that sporting boycotts can never be an effective political weapon. They have induced various changes in South African practice, even though these have not gone by any means far enough; and a successful boycott of the Moscow Olympics would beyond doubt inflict an international humiliation upon the Soviet Union which would reinforce the earlier condemnation in the United Nations—in addition to embarrassing Soviet leaders before their own public at home. Yet many British people have an instinctive dislike of all sports boycotts. They have an equally instinctive dislike of being pushed around by their own Government. This is an attitude with which one is bound to sympathize, even when one believes that the Government is in the right. In a free country, it is very reasonably maintained, there is no obligation upon citizens to take account of expressions of opinion in Parliament unless Parliament itself decides to give those opinions legislative force. Opinion certainly seems to have hardened against the Government since the announcement of restrictions upon civil servants and other public employees attending the Olympics. There is resentment against what is believed to be an unacceptable degree of official arm-twisting.

## Welsh arsonists and the BBC

From Mr D. A. Lundy  
Sir, If the letter from Sir Michael Swann (March 15) is to be taken at its face value, it is clear that the nation has a far more serious problem on its hands than arson in Wales. The Chairman of the BBC appears to be unaware of the power and influence of the medium under his control.

## Averting the perils of nuclear warfare

From Dr W. A. Wooster

Sir, Professor Farmer has well expressed the anxiety of many people concerning nuclear weapons (March 15). Of course the whole world could be made uninhabitable and all living animals could be killed if the nuclear war were to take place. Our object must therefore be to ensure that it does not take place. For the past three decades the balance between opposing sides has been maintained and there has been no nuclear war.

## Future of the fishing industry

From Sir Andrew Gilchrist

Sir, May I comment on the Government's decision to provide the sum of £3m for the benefit of the British fishing industry? The days when the said industry was powerful enough to drive the Government of the day into a futile and unwinnable cold war with Iceland are over. In granting the present pittance, the Government must have had regard to the diminished political clout of the industry. It should rather have considered the needs of the situation from a national standpoint.

## R TRADE UNION HEADS AGAIN?

Paralysis is falling over-out pay talks at British. The negotiators might even for beginning to whether they will be this year's bargaining at year's is due. The manual workers accept with meek resignation in receiving pay dating back to last year. More than a month ago the company asked to improve its terms and conditions. It did not. The company asked to improve its terms and conditions. It did not. The company asked to improve its terms and conditions. It did not.

Weeks ago the unions' rejection of the offer still on the table today was endorsed by three out of every five workers voting in a ballot (not quite half the total of those eligible to vote). But since then the company's trading position has been shown to be even worse than had been supposed. More manpower cuts have been called for, and the unions cannot be sure that the less than full-hearted support of five weeks ago still holds good.

The other two proved to be. If it tries to renegotiate individual contracts (some 80,000 employees are involved), a large or small minority will undoubtedly resist. If it proceeds by declaring that employees who continue to come to work will be deemed to have tacitly accepted the new regime, confusion and unnecessary ill-will seem certain to ensue. There is a possibility of many "constructive" dismissals claims before industrial tribunals (the company is already involved in one such case, in comparable circumstances). The company would be quite likely to end up having paid the increases, back pay and all, without securing the productivity gains.

From Mr Keith Best, MP for Anglesey (Conservative)  
Sir, By alluding to both television and the press (March 15) Sir Michael Swann seems to fail to appreciate the significantly different two media have. The television and the press are used to attract attention to a legitimate concern, it is surely the responsibility of those in control of the prime communications medium to concentrate on the issues rather than on the distraction of a legitimate concern. Sir Michael Swann was the means to justify the end in broadcasting the arsonists presumably do in seeking social justice, but that is what his letter seems to say.

From Monsignor Bruce Kent

Sir, Professor Farmer has introduced a welcome new perspective into the usual debate about defence, military expenditure and security in this age of nuclear overkill. In the exploration of the deterrent effect of mobilized planned civilian disruption facilities and non-violent resistance, some of it inspired by a philosophy of non-violence and some with a very pragmatic background. The late Lord King-Ball, Dr. George Sharp, of Harvard University, and General de la Bollardiere are only a few of those who have stimulated thinking on this subject.

From Mr W. H. Hankin  
Sir, I feel bound to ask you to publish two comments on Professor Farmer's letter (March 15) on the perils of nuclear warfare. First, my understanding of war is that it is a man or nation fights when death, or even suicide, is preferable to a certain alternative of slavery and extermination.

## IES TOWARDS THE HOMELESS

One space of court bearing on a council's duty to house the homeless. The review, currently undertaken by the Department of the Environment (Housing and Planning), Act 1977, that a local authority has the duty to provide accommodation for homeless persons. The duty is absolute, and it is not clear that the local authority has the duty to provide accommodation for homeless persons.

duty under the Act, by adopting an unduly strict definition of unaccompanied. Many boroughs, for their part, complain that their duty to house the homeless, who are often not from the area at all, is not only making severe demands on public money, but is hampering efforts to accommodate those residents of the borough who may have been on a waiting list for years. The issue is complicated by the existence, under another Act, of a duty on a local authority to promote the welfare of children and avoid, if possible, the need to take them into care. When then does the council do when stopping aid to an intentionally homeless family has the effect of breaking up the family and causing the children to be taken into care—also of course at public expense?

even if most of them would be classed as intentionally homeless, and thus entitled only to temporary help with housing, the burden on the borough falls disproportionately. The case for special treatment has not been made out. Many other boroughs, particularly in London and the conurbations.

## Worthy heritage

From Mr B. Day  
Sir, Your correspondent Charles McKean (March 4) chastises the "oil barons" for failing to leave a worthy built heritage for future generations. Yet the architects he recommends by name have often been responsible for buildings shamefully profligate of energy. Despite the faltering efforts of the Royal Institute of British Architects and a number of honourable exceptions the profession has still not accepted its undoubted duty to lead building design into an age of energy famine, and to make the thermal performance of buildings one of its major concerns.

## Europe and Palestinians

From Mrs N. Silkin  
Sir, Your leading article (March 11) implies that European recognition of the Palestine Liberation Organization now depends upon the latter giving simultaneous recognition of Israel's right to exist. Since the Baghdad Conference of 1978 (which agreed for peaceful overall settlement) PLO leaders have frequently intimated that they would be prepared to grant this recognition as part of such a just settlement, in which Palestinian national rights to self-determination and independence in new Israel-occupied territories were also recognised and granted.

Council for a resolution which made no reference to the Egyptian Israeli Treaty, to the present talks on autonomy for the Palestinians on the West Bank and Gaza; to the need of direct negotiations between the parties concerned. The resolution, further, contains an unqualified demand to the Government and people of Israel to disband the existing settlement in Jerusalem as "occupied Arab territory". This one-sided Security Council motion doesn't require anything from the Palestinian front or the Palestinian Liberation Organization, whose Government clearly implied the elimination of Israel—a member of the United Nations.

## Arts and the patron

From Mr J. Faulkner  
Sir, Arthur Cope (March 8) makes a fair point that the taxpayer who is the patron of the arts is the patron of the artist. He does, however, then fall into three errors. First, the staff of the Arts Council are not a race apart but are themselves taxpayers, and in no way relieved of the day-to-day concerns which are the lot of the taxpayer. Second, decisions of the Arts Council do not depend on the individual tastes of its directors but on a process of consultation and assessment.

## Hand to hand

From Sir Hugh Smiley  
Sir, In 1926 General Sir George Kinnegon, who was Adjutant of the 3rd Battalion Grenadier Guards during the Crimean War, and who is the mounted figure in Lady Butler's painting, The Roll Call, celebrated his hundredth birthday with a party at his house at Marlow, which he invited a number of officers from the 2nd Battalion.

expressed doubts and said that it must have been his grandfather he pointed out that his father had been a drummer boy aged 15 at the battle, had been married for a second time in 1867 and that he, his son, was only 73 years old.

## ion in London

Frank Marshall  
article (March 12) "Why did not be broken up" Sir Samuel Craved in aid my in the government of London without saying what mendations were on the of education in Inner

years and their educational establishments for all age levels in Inner London are located to serve catchment areas and have no regard to the artificiality of borough boundaries.

going to be difficult enough in the years ahead for Inner London to conduct the management of construction in an era of falling school rolls.

Finally, patronage is not exclusively a financial relationship. Advice and encouragement to artists is a major part of the job of the Arts Council for the council. Valuable though this process can be, we are now frequently placed in the position of being able to offer only advice and encouragement when artists have brought their work to a point at which public subsidy is required to make it accessible to the body of taxpayers.

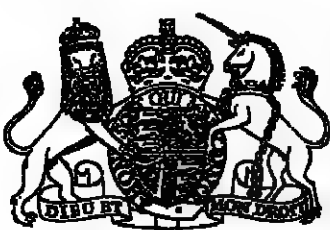
From Mr F. Uhlman  
Sir, In 1940 a German refugee told me that he hoped for quick naturalization as his father had fought against Napoleon in the battle of Waterloo. When I

Young riders  
From Mr Geoffrey Howard Minter  
Sir, The way to reduce the accident rate for learner motor cyclists (report, March 12) is to reduce their number. The best way to reduce their number is not to allow them licences to ride motor cycles at an earlier age than to drive motor cars. It is largely pride in attaining the adult status of a driver and the desire to become mobile that encourages the 16-year-olds to ride motor cycles, not the love of motor cycles per se.

## Vicious circle?

From Mr G. D. R. Davies  
Sir, I am worried by David Wood's reference, in his article about the European Parliament (March 17), to something called a "hemicycle". By analogy with bicycle and unicycle, I suppose a hemicycle to be a velocipede with half a wheel. One hears rumours that the European Parliament is a shade out of touch with practicalities, but I had no idea they were pursuing such a chimera as this. Are they also reviving the well-known project for extracting moonbeams from cucumbers?





## COURT CIRCULAR

**BUCKINGHAM PALACE**  
March 18: The Queen held an investiture at Buckingham Palace this morning.

Captain Chandrababur Rai and Captain Yambahkur Khan (The Queen's Gurkha Order of Officers) had the honour of being received by Her Majesty when The Queen invested them with the insignia of Members of the Royal Victorian Order (Fifth Class).

The Lord Soames (Governor of Southern Rhodesia) had an audience of The Queen this afternoon.

The Right Hon Margaret Thatcher, MP (Prime Minister and First Lord of the Treasury) had an audience of Her Majesty this evening.

The Duke of Edinburgh arrived at Salford Railway Station in the Royal Train this morning and was received by Her Majesty's Lord-Lieutenant for Greater Manchester (Sir William Downward).

His Royal Highness the Chancellor, visited the University of Salford and, having been received by the Pro-Chancellor (Mr J. Lunt) and the Vice-Chancellor (Professor J. H. Horlock), attended the Annual Court Meeting.

The Duke of Edinburgh this afternoon visited Moss Side People's Centre.

Afterwards His Royal Highness toured the factories of Weatherall Windows Ltd (Chairman, Mr J. Smith).

The Duke of Edinburgh, as Patron and Trustee, this evening attended a Reception for Variety

Club Supporters of His Royal Highness's Award Scheme at the Piccadilly Hotel, Manchester.

The Duke of Edinburgh attended the Annual Dinner of the Manchester Branch of the British Institute of Management (President, Mr D. Poyhio) at Manchester Town Hall and was received upon arrival by the Lord Mayor of Manchester (Councillor G. Phipps).

Wing Commander Anthony Nicholson was in attendance.

**CLARENCE HOUSE**  
March 18: Queen Elizabeth The Queen Mother this afternoon received the Presidents of Queen Mary's London Needlework Guild at St James's Palace on the occasion of the Guild's Annual General Meeting.

Mrs Patricia Campbell-Preston was in attendance.

**KENSINGTON PALACE**  
March 18: The Princess Margaret, Countess of Snowdon left Heathrow Airport, London, this afternoon in an aircraft of the Queen's Flight to visit the Royal Highland Fusiliers (Princess Margaret's Own Glasgow and Argyll Regiment) and XVth/XXth The King's Royal Hussars at the Princess Margaret Royal Highland Fusiliers in Cologne, Germany.

The Hon Mrs Wills and Major The Lord Napier and Ettrick were in attendance.

**YORK HOUSE**  
ST JAMES'S PALACE  
The engagement is announced between James, elder son of Dr and Mrs Michael Esprit, of Fairway, Weymouth Walk, Stannock, Middlesex, and Joanne, second daughter of Mr and Mrs Jerry Hart, of 9 Moncorvo Close, Kingtonbridge, SW7.

**BIRTHDAYS TODAY**  
The Rev Sir Herbert Andrew, 70; Lord Baker, 79; Lord Glenkilg, 67; Sir Hildred Glynne, 85; Miss Elizabeth Macgibbon, 73; Sir Peter Robinson, 66; Sir Kenneth Robinson, 69; Sir Leonard Scopes, 68; Mr Norman Yardley, 65.

**MARRIAGES**  
Mr P. Naylor Leyland and Lady Isabella Lambton. The marriage took place yesterday in St James's Palace, London. Mr Naylor Leyland, son of Sir Vytan Naylor Leyland and of the Hon Mrs Hastings, and Lady Isabella Lambton, daughter of Lord and Lady Lambton. The Dean of Durham officiated assisted by Canon W. W. Tymms.

The bride was given in marriage by her father, wore a gown of white slipper satin and a silk veil held in place by a large white rose and the carried a single rose. Adam Kew-Viscount Lunsley, Ned Naylor Leyland, Claude Musker, Cleve Naylor Leyland, Eileen and Rose Bowdler, Flora Davidson and Natalie Campbell attended. The Hon General Noel was best man.

A reception was held at Durham Castle and the honeymoon will be spent abroad.

And Mrs N. S. Heath.  
The marriage took place in London on March 14, 1980, of Mr Michael Franks and Mrs Nicola Stewart Heath.

Mr R. P. G. Vorenberg and Miss S. M. Burnett.  
The marriage took place on March 15, 1980, in the Chapel of Magdalen College, Cambridge, of Mr Rhoderick Vorenberg and Miss Susan Burnett.

## Forthcoming marriages

The Hon Lucy Lytton and Mr M. N. Kemp-Gee.  
The engagement is announced between Mark, younger son of Mr and Mrs Bernard Kemp-Gee, of 16 Alder Gardens, London, W8, and Lucy, twin daughter of the late Viscount Cobham, K.C., and Elizabeth, Viscountess Cobham of 8 Marine Parade, Badleigh Salterton, Devon.

Mr P. E. Askew and Miss L. J. Henderson.  
The engagement is announced between Paul Benedict, son of the Rev Canon and Mrs Askew, of Salisbury, Wilt, and Lucy Jean, daughter of Sir Peter and Lady Henderson, of London SW7.

Mr D. A. Lubbock and Miss N. J. C. Francis.  
The engagement is announced between David Lubbock, younger son of Mr James R. Lubbock and the late Mrs Patricia Lubbock, of The White Cottage, Farley Green, Surrey, and Nicola Jane Francis, daughter of Mr and Mrs Derek Francis, of Ashfield House, Midhurst, West Sussex.

Mr J. J. Esprit and Miss J. L. Hart.  
The engagement is announced between James, elder son of Dr and Mrs Michael Esprit, of Fairway, Weymouth Walk, Stannock, Middlesex, and Joanne, second daughter of Mr and Mrs Jerry Hart, of 9 Moncorvo Close, Kingtonbridge, SW7.

Mr M. E. Green and Miss S. F. Frumher.  
The engagement is announced between Mr and Mrs P. S. Green, of Newport, Gwent, and Susan Frances, elder daughter of Mr and Mrs D. I. Pringle, of Uphill, Weston-super-Mare.

Mr C. R. Harris and Miss S. M. Jarvis.  
The engagement is announced between Charles, youngest son of Mr and Mrs E. Rhodri Harris, of Murton, Swansea, and Suz, only daughter of Mr and Mrs C. R. Jarvis, of Llandudno, Bortholme.

Mr A. Legge and Miss C. E. Anderson-Tyler.  
The engagement is announced between Anthony, younger son of Mr H. J. G. Legge, of London, NW6, and of Mrs J. Legge, of London, W11, and Caroline Elizabeth, daughter of Mr and Mrs A. Anderson-Tyler, of Well House, Horney Common, Uckfield, Sussex.

Mr D. J. W. Ridler and Miss S. de Jager.  
The engagement is announced between David John Whitaker, younger son of the late Mr A. W. Ridler and Mrs Ridler, of Chelsea, London, and Shirley, younger daughter of Mr and Mrs S. de Jager, Box 2820, Johannesburg.

Mr T. A. E. Sopwith and Miss J. A. Chope.  
The engagement is announced between Thomas, son of the late Wing Commander E. M. Sopwith, of London, Lancashire, and Jacqueline, younger daughter of Judge and Mrs Robert Chope, of Carlew House, Truro, Cornwall.



The new Bishop of Jarrow (left) the Right Rev Michael Thomas Ball, with his twin brother the Bishop of Lewes, the Right Rev Peter Ball. The new bishop became a priest in 1971.

## Market for watercolours by Orientalist J F Lewis losing its early gloss

By Geraldine Norman

Sale Room Correspondent  
The market in the Orientalist watercolours by John Frederick Lewis appears to have collapsed, to judge by the prices achieved yesterday. A colourful scene of an old man reading aloud in a courtyard, titled "And the prayer of faith", the work, which was bought in at £35,000 having been expected to reach between £40,000 and £50,000.

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The other important unsold lot was Richard Dadd's "Polyphemus".

A seventeenth-century Flemish landscape catalogued by Jan "Velvet" Brueghel, but reattributed by the time the auction took place to Adrian van Staden, sold for 330,000 francs (estimate 250,000-300,000 francs) or £35,000.

At Sotheby's Belgrave a sale of fine Victorian paintings and drawings saw high prices for more distinguished works on offer, but a notable lack of interest in middle-range items, which explains the low price for an unsold percentage of the £420,500 total. The top price was £10,000 for a 17,000-21,000 franc work by Venice by Edward William Cooke, an attractive painting, dated 1839.

Sotheby's sale of Chinese snuff bottles scored two exceptionally high prices for Peking enamel bottles, made in the palace workshops in the Qianlong period. Five years ago this type of bottle was not greatly sought after and might have brought £500 at auction.

Yesterday, Mr E. Cameron, a private collector, paid £10,500 (estimate £3,000-£5,000) for one decorated with a scene of a landscape and a vase of flowers. A family rose enamel and £4,000 (estimate £1,500-£2,500) for a damaged example, painted with a landscape and a vase of flowers. The vase was sold for £4,544, with 7 per cent unsold.

Sotheby's sale of Chinese export porcelain totalled £158,965 with 8 per cent unsold.

At Phillips a sale of clocks and watches totalled £95,650, with 1 per cent unsold. A George Graham ebony striking bracket clock made £11,000 (estimate £3,000-£7,000).

A pair of charming Oudry paintings of dogs playing in a landscape made 710,000 francs (estimate 600,000-800,000 francs), and a pair of oil on canvas, William-Charles Huet, one with a plate of oysters and the other with a mouth-watering herring stuffed with juniper berries, made 400,000 francs (estimate 300,000-400,000 francs).

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## OBITUARY

### PROFESSOR ERICH FROMM

#### Eminent psychoanalyst

Professor Erich Fromm, the psychoanalyst and social philosopher died yesterday at his home near Locarno in Switzerland where he had lived quietly in the later years of his life. He was 79.

Fromm grew up in an intellectual climate in which Freud's ideas were beginning to have wide dissemination and his own preoccupations over much of his life were devoted to the study of the human mind. He was a critic of the capitalist ethic, he also collected a series of essays on "Socialist Humanism" by a number of Eastern European Marxist writers.

Erich Fromm was born in Frankfurt on March 23, 1900. He attended the university of Heidelberg, taking his PhD and later went to the university of Munich where he was trained in psychoanalysis, and the university of Berlin. In 1929 he returned to Frankfurt where he lectured on social psychology from 1929.

In 1933 he had visited America as a visiting professor and when Hitler came to power he emigrated to the United States arriving there in 1934. From that point onwards he was associated with a succession of American universities. He taught at the International Institute of Social Research in New York; he lectured at Columbia University and Bennington College; he was a professor at the National University of Mexico from 1951; he held a chair in psychology at Macquarie University from 1957 to 1961 and was, from 1962 a professor at New York University.

Fromm published over twenty books, many of which gained wide currency as examples of the application of psychoanalytic thinking to social and cultural problems. *Escape from Freedom* (1941), published in Britain as *The Fear of Freedom* (1944), was one of the best-selling books in the post-war period. It saw man as a creature of the homely security of the medieval paradise, driven by

loneliness and fear to solutions to his predicament. Fromm was a proponent of the "therapeutic" aspect of freedom, a concept which he saw as alleviating his own powerlessness and only by mordant activity, he claimed, could man escape the earlier, more primitive, state of being a fundamental modern social thinking.

Fromm distinguished between the "authoritarian" and the "humanistic" social systems. He saw the authoritarian system as one in which the individual is subordinated to the state or to a religious authority. He saw the humanistic system as one in which the individual is free to develop his own potentialities.

Fromm's view of man as a social being was a central theme in his work. He saw man as a creature who is fundamentally social and who can only find fulfillment in a community. He saw the individual as a being who is fundamentally social and who can only find fulfillment in a community.

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## Duke will attend Coburg seminar on Victorian age

The Duke of Gloucester will represent the Duke of Edinburgh at a two-day seminar in May to be held in Coburg on "Prince Albert and the Victorian Age". The seminar will be held in Coburg, Germany, and will be attended by the Duke of Gloucester, the Duke of Edinburgh, and other members of the British Royal Family. The seminar will be held in Coburg, Germany, and will be attended by the Duke of Gloucester, the Duke of Edinburgh, and other members of the British Royal Family.

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214-year-old piano: The earliest known English piano, made by Johannes Zumpe in 1766, is for sale at Sotheby's in London on March 20. It is one of 11 keyboard instruments from the Broadwood collection.

3: attends fashion show and dinner, Rainbow Room, Derry Street, 8.30.

Exhibitions: Sarah, Duchess of Marlborough, British Library Galleries, Great Russell Street, 10.30. The Vikings, British Museum, 10.30. Horla Bernia, Riverside Studios, Crisp Road, 11.15. Alan Hughes and Ian Welch, Concourse gallery, 35 Marylebone Road, 8.30-8.30.

Lectures: Putting the paper to bed, W. Mott, Doncaster Museum and Art Gallery, Chester Road, Doncaster, 1.45. The saga of the Iceland, Magnus Magnusson, Royal Scottish Museum lecture theatre, Lothian Street, Edinburgh, 7.30. A world conservation strategy, Dr Lee M. Talbot, Royal College of Art, John Adam Street, 2.30. Art and culture in Europe, The Edinburgh Museum, 7.30. The Edinburgh Museum, 7.30.

25 years ago  
From The Times of Saturday, March 19, 1955  
Televising the Derby  
This year's Derby will not be televised and no move will be made to televise the Derby in 1955 unless in the meantime the Copyright and Television Exhibitions Right Bill becomes law. This was announced yesterday by Mr L. E. Van Moppes, chairman of the Epsom Grand Stand Association Limited at the association's annual meeting in London. Mr Van Moppes said that the board was naturally under pressure from the BBC to give them the facilities which they are so anxious to obtain but the fee the BBC had offered "is very far removed

from what we know to be the true value. We have no means of true value," he said, "not on hypothetical figures but on information to the number of those people living in the United States who regularly tune their sets to television racing. It was probable, Mr Van Moppes continued, that a higher percentage of the television receivers in Britain would be tuned to racing events than in the United States. The Derby was televised since 1939 has not been televised since the war. It was understood that last year the BBC did not approach the Derby organisers as the subject of television facilities but negotiations have been entered into this year. An offer by the BBC of a fee in the region of £1,000 has been made unofficially.

**Latest appointments**  
Professor H. B. Whittington, F.R.S., Woodward Professor of Geology, of Cambridge University to be a trustee of the British Museum (Natural History) succeeding Dr A. Williams, F.R.S.

Mr David Stephen to be Deputy Director of the Ministry of Pensions Group.

Dr Alan K. Russell to be director of the Inter-University Council for Higher Education Overseas, succeeding Mr Kenneth Giffiths, who retires on March 31.

**Latest wills**  
Sir Charles John Curran, of Finchley, north London, Director-General of the BBC 1969-77, left £161,631 net.

Other estates include (not before probate): Mrs M. J. Oliver, Mr Ian Brevett, of Barnet Green, Worcestershire, £120,098. De la Pasture, Mr Gerard Roger Malherbe, of Stelling Mims, £134,243.

**Memorial services**  
The Hon M. L. Astor.  
A memorial service for the Hon Michael Langham Astor was held yesterday at St James's, Piccadilly. The Rev William Baddely officiated and the service was held in the Crypt Chapel of St Paul's Cathedral. The Secretary of State for Foreign and Commonwealth Affairs was represented by



# THE TIMES BUSINESS NEWS

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Tel: 01-236 3000 Telex: 885485

Stock markets  
Index 431.7 down 1.5  
Dixie 64.16 down 0.01

Ring  
40 up 90 points  
72.4 up 0.2

Lar  
89.2 down 0.2

D  
up 52

Key  
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Euro \$ 19 to 19 1/2

## BRIEF

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## Japan ready for 7-point attack on inflation to support value of yen

From Koji Nakamura

Tokyo, March 18

Japan is expected to announce a seven-point anti-inflation package tomorrow to bolster the yen on foreign exchange markets. At the same time the Bank of Japan will raise its discount rate by 11 points to 9 per cent. These latest measures to help the yen and counter rising inflationary pressures are likely to include curbs on prices and public spending.

The fiscal package will back up monetary tightening announced yesterday. As well as the widely expected rise in the discount rate, the Bank of Japan has raised the reserve requirement ratio on commercial banks to 15 per cent. This will take the estimated \$2,000m (£909m) out of the banking system.

The discount rate has been raised twice in a month and five times in the past year. It is as high as it was in the inflationary aftermath of the 1973 oil crisis.

The Japanese moves are clearly designed to offset the effect of President Carter's anti-inflation measures on the yen. Although the yen has remained fairly steady over the past 10 days, this has been at the cost of huge Japanese intervention in the world's currency markets.

New measures are expected to include cuts in public works programmes, moves to stop unnecessary price rises following on from higher oil and electricity prices, emergency re-

leases of some basic commodities to stabilise prices, and a ban on price increases for essential goods.

Government and Bank of Japan officials say they are confident that the measures will have a considerable impact on inflation. But economists outside the government have grave doubts. They believe the yen may remain weak for some time. Also, there are doubts about the impact which the new measures will have directly on inflation.

Wholesale prices have accelerated sharply in the last three months because of higher oil prices, and the rise is bound to lead to higher retail prices in coming months.

The yen is being undermined by a growing deficit on the balance of payments, largely as a result of higher oil prices. These have added an estimated \$25,000m (£1,125m) to Japan's import bill.

Analysts are quick to point to the pessimistic outlook for the balance of payments. According to the advance report on Japan's external payments position for February, which was released on Monday, deficit in the current account between April, 1979, and last month totalled \$12,546m (£5,703m), far above the government estimate of a \$11,300m deficit for the whole of fiscal 1979.

Even though long-term capital transactions for February

leaves an unprecedented surplus of \$1,500m, the current account deficit of \$1,240m and a deficit of \$900m in short-term capital transactions pushed the overall balance of payments \$340m into the red.

It was pointed out that new interest rates enforced in the United States last week would blunt the edges of the new Japanese efforts since the differences in interest rates between the two countries are still "substantial".

As long as the external payments position remains vulnerable, the analysts said, the value of the yen will have to remain basically weak. The Bank of Japan will have to continue to intervene in the markets in order to prevent any further depreciation of the yen.

The only bright possibility, they said, is that the price of oil which accounted for 40 per cent of external payments in February, "may have hit the ceiling" and no sharp rises in external payments are currently foreseeable.

But they said there was little room for optimism about prices. Wholesale prices in March "most probably will remain as high as in February, if not higher".

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## PO men savage letters delivery plan

By David Felton

Labour Remover  
A wide-ranging package aimed at improving the efficiency of the postal delivery service is in the papers after a special delegate conference of the Union of Post Office Workers yesterday rejected crucial sections of the programme.

Post Office executives will meet today to consider whether there is any point in continuing negotiations with the union.

The package had the backing of the union executive which was clearly embarrassed by the reaction of the 1,000-plus delegates. The conference was closed to the public for a closing speech by Mr Tom Jackson, UPW general secretary, when he laid before the conference the ramifications of its decisions.

Mr Jackson had argued throughout the conference that the package was necessary for the Post Office to generate higher profits which could be reflected in improved pay for postmen.

At the core of the Post Office plan was the introduction of casual workers during the summer holidays to overcome the kind of staff shortages which last year led to the public being asked not to post any mail for a short period. The corporation also wanted to improve recruitment and simplify the promotion procedures for postmen to become Postmen Higher Grade (PHG) who are mainly sorters.

In return the union was offered a two-hour cut in the working week from next year, bringing the normal week down to 41 hours, improvements in pay for PHGs and extra payments for evening working.

The conference rejected the use of casual workers during this summer, but approved the employment of 5,000 school leavers. At the moment there is a ban on anyone under the age of 18 joining the corporation.

The new promotion procedures were rejected as were proposals for new duty rosters and the dropping of restrictions on duties which can be carried out by new entrants.

A further proposal that ordinary postmen should be eligible to become acting supervisors was also thrown out. Many delegates voiced fears that the proposals could threaten their jobs and lead to further inefficiency in the postal service.

Delegates approved the reduction in the working week, but substituted a claim for higher rates of pay for night work in place of the corporation's offer of an evening allowance.

There now appears to be very little left in the package which would benefit the Post Office, and it is difficult to see how it would be prepared to concede improved pay and shorter hours if the main productivity elements of the proposals have been rejected.

A senior corporation observer at the conference heard Mr Jackson tell delegates: "Unless we can hold this year's traffic at last year's levels, after two price increases, there will not be enough in the kitty to settle our (20 per cent) wages claim and the Government will not allow the Post Office to go into debt or borrow more money."

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## Seven-nation talks on oil price impact

Mr Charles Schulze

President Carter's chief economic

advisor, and other top officials

of the seven main industrial

nations are expected to hold a

meeting this weekend at

Versailles, near Paris, to

discuss the medium-term impact

of oil prices and supplies on

the economies of the world.

Sources said yesterday that

the meeting, called at the initiative

of Mr Emilio Van Lennep,

Secretary-General of the Organisation

for Economic Co-operation

and Development, was to

be a "non-binding seminar".

The officials are expected to

try to determine the right

policy approach to meet the

negative impact on the Western

economies of the continuing

rise in oil prices and future

supplies.

Saudi dollar investments. The

Carter administration is assum-

ing that the Saudi Arabian

authorities will increase their

oil production capacity, con-

tinuing to invest in United States

dollar assets and to increase

business with America, Frank

Vost said.

Mr Fred Bergsten, assistant

treasury secretary for international

affairs, pointed out

that Saudi Arabia has built up

a combined current account

surplus of \$80,000m since 1974. It

has chosen to invest around 85

per cent of its funds in the United

States and in deposits in the

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## Group plan paves way for robots

J. C. Bamford, the excavator

firm at Rochester, Staffordshire,

has launched a £13m investment

programme with the introduction

of robots to make the work

easier and quicker.

The robots will be used for

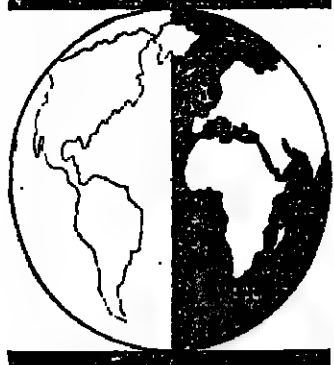
spray-painting and the use of

more robots for welding is be-

ing investigated as part of a

special project mounted in con-





## Uganda hands back 'empires' to Asians

Uganda's government has concluded operating agreements with members of two Asian family groups to restore the sugar and tea estates and steel mills they operated until 1972, when former President Amin expelled Asians from the country.

Separate agreements have been concluded for the Madhavan and Mehta families to operate their industrial enterprises in partnership with the government, the sugar estates, steel mills, tea estates and other industries. But the question of ownership of the £100m assets, or of compensation for their seizure in 1972, remains to be settled.

### China oil potential

China has vast potential oil reserves and prospects for future oil exploration are bright, Mr Song Zhenming, the Chinese oil minister, said at a UN-sponsored meeting of the country had increased oil production to 106 million tonnes last year, but this was insufficient to satisfy the needs of modernization.

### California purchase

Toshiba Corporation announced in Tokyo that it had bought Maruman Integrated Circuits Inc of California. Toshiba becomes the third Japanese company to produce semiconductors in the United States.

### Dutch strike call

Holland's trade union federation, FNV, has called for nationwide work stoppages on Thursday to coincide with a parliamentary debate on the Dutch government's wage controls. The FNV has been continuing a programme of rolling strikes in recent days in the industrial and building sectors in protest at wage policies.

### Canal contract

Cie de Construcciones Internacionales (CCI) has been awarded a \$650m contract to build a 360-kilometre canal at Jonglei, in Sudan, to be completed in 1985.

## Radical plan to reduce Community's dependence on oil imports

# EEC summit faces energy tax call

The EEC summit in Brussels at the end of this month could be confronted by radical Commission proposals urging big increases in energy prices in the member states and some form of energy tax or levy at a Community level.

Such measures are conceived as the basis of a new Community energy policy designed to reduce the EEC's dependence on imported energy sources to 30 per cent in the last decade of the century compared with the target of a 50 per cent dependence by 1990.

Officials reporting to Herr Curdo Brunner, the EEC Commissioner responsible for energy affairs, have been working on drafts of a programme for adoption by the Commission and presentation to the European Council on March 31, by Mr Roy Jenkins, the Commission President.

Both Herr Brunner and Mr Jenkins believe that 1980 is a make or break year in which the Community has a last chance to decide a common policy to reduce its dependence on imported oil.

Although it is recognized that progress has been made at Com-

munity level in energy policy since the first oil crisis of 1973, there is still much to be done before the energy programmes of the member states are effectively coordinated, let alone welded together in a common policy.

Yet it is hoped that last year's 110 per cent rise in oil prices will persuade EEC heads of government at least to accept the need for a common policy and put in hand work that could lead to its adoption at the Council meeting in Venice in June.

Commission officials argue that the price of oil in Europe is too low in that it does not take account of its economic and prospective scarcity value. Government policies designed to keep prices down and minimise the effects of increases on consumers have, it is argued, reduced incentives to save energy and develop alternative sources and so counteracted other government policies to reduce oil consumption.

But national moves to increase prices through higher taxes would have to be coordinated at European level to prevent the existing dispar-

ities in the economic performance of member states from getting any worse.

While it is hoped that national increases in the price of oil would reduce overall demand, a Community tax or levy on oil could provide funds to help finance energy saving and alternative energy sources.

The Commission has estimated that around 400,000 million European units of account (about £248,000m) will be invested in energy in the EEC during 1980s. A further 50,000m to 100,000m units of account (£31,000m to £61,000m) are needed to produce a qualitative improvement in this energy investment that would hold the EEC's oil imports during the 1980s at their present level.

The Community oil tax could help provide the funds required to cut back dependence on oil, it is argued.

So far it would seem that the Commission has not excluded any option on the taxation front. The pros and cons of taxes on imports, production and consumption of oil as well as of these three forms of taxation on other energy sources are being considered.

At present, several factors seem to favour a combination of all three taxes on oil. The imposition of a production tax together with an import tax would affect producers in the North Sea. But it would also remove the possibility of the EEC breaking the Gatt rules by discriminating against third country producers of oil and should placate the Opec states, which have let it be known that an EEC tax on oil imports could be grounds for them again to raise their oil prices.

Additional taxes on consumption could then be applied in a discriminatory fashion to influence the pattern of oil demand.

Although the final shape of the Commission proposals must remain a subject for conjecture at this stage, current thinking suggests that Brussels is aiming for a radical shake-up of attitudes towards the EEC energy problem with far reaching implications for the consumer. Each of the past three European Councils has considered the energy problem. It remains to be seen whether this month's summit really gets to grips with it.

Peter Norman  
in Brussels

## Textile industry plea to end tariff barriers

By Our Industrial Staff

Textile leaders yesterday urged the Government to break down artificial trade barriers to keep prices down and make it possible for the industry to export to many countries.

"Tariffs and other restrictions hamper our exports to many developed countries, such as the United States, South Africa, Australia and New Zealand. And in many of the more advanced developing countries, our exports are blocked by barriers that are insuperable," Mr Ian MacArthur, director of the British Textile Confederation, said.

In Brazil, tariffs on British woven fabrics range from 155 to 200 per cent; in South Korea, the tariff is 80 per cent, and many products are totally barred.

Addressing a meeting of Northern Ireland's textile associations, Mr MacArthur said: "Trading opportunity is lost. This applies not only to the barriers which block our exports, but the European Community's attitude to imports."

"The Community is the largest market for the textile and clothing products of the developing countries. It is also the least protected market in the developed world."

"We have import controls, but they guarantee an annual

growth in total access to the Community market, and many of these imports are absorbed in duty-free. The Confederation expects to submit detailed proposals for international trade in textiles later this month."

In a direct appeal to the Prime Minister, the Confederation of British Wool Textiles said that the industry, in common with others, was becoming increasingly uncompetitive because of the Government's policies, which were intensifying the already damaging effects of a world recession and now threatened the "whole future of this country as an industrial power."

The Bradford-based confederation, which represents about 700 companies, said the industry was threatened not merely by cheap imports but by the strength of sterling and high interest rates. It asked Mrs Thatcher to "protect industry from the worst rigours of the prescribed medicines while the cure is being effected."

Ministerial statements that cheap clothing imports were of benefit to the consumer were criticised by Mr Monty Goldman, chairman of the Shirts Manufacturers' Federation. The real beneficiary was the importer who often made obscene profits.

## Cement makers agree to peg prices for year

By John Huxley

Cement manufacturers are hoping to peg prices until next March. Some months before that, however, they will try to give customers a pointer to the scale of the rise, which is to be spread over three instalments.

These proposals are contained in a letter sent to civil engineers by the Cement Makers' Federation, through which the manufacturers operate a common pricing arrangement.

At the beginning of this month, the cement companies increased prices by 24 per cent in a move that incensed civil engineers, who are among the largest users.

Although a subsequent meeting has helped to clear the air, Lord Boyd-Carpenter, chairman of Rugby Portland, a member of the Cement Makers' Federation, yesterday replied in angry terms to critics of the price rises.

"People who take it upon themselves to make public pronouncements about alleged price rings really should acquaint themselves with the facts before blowing their heads off in public," Sir Maurice Lalng, president of the Federation of Civil Engineering Contractors (FCEC), urged the Government to "end the cement makers' price ring".

Lord Boyd-Carpenter, who

was speaking to the National Federation of Building Trades Employers, said the price increases would have been greater if there had been no arrangement.

He described the increase as modest at times when cement makers were facing rapidly rising costs.

In its letter to the civil engineers, the cement makers concede that the rise was "unusually steep". Prices should not go up again until next March unless something quite unforeseen happens. In any case it is hoped to give customers a pointer to the size of the increase in November, when pricing deliberations begin.

Moreover, it is intended that the eventual increase will be phased in gradually. The cement makers hope that these proposals will meet criticism that too little warning—just over four fortnights—was given of the last increase.

Civil engineers yesterday welcomed the proposals, although they remain concerned that the cement makers have been unable to suggest ways in which contractors being hurt by the volume and nature of the mineral resources in this country is of so limited a value anyway to the ridiculous one that the proponents of change see it only in terms of a nationalisation of the resources in question.

In fact there are many approaches available that would lead to a solution of this problem—one of them being the interesting one put forward by David Penhaligon in his Mineral Rights Bill which unfortunately never saw the light of day and which treated mineral rights in

a similar manner to common rights in the sixties, whereby over a period they would have to be registered by those who lay claim to them. There are other equally viable solutions.

It remains to be said that the matter should not be allowed to rest and that this kind of action on the part of those responsible for our national progress is one of the causes that has led to our present economic decline. Surely the matter, which is not a difficult one to resolve, can and should be tackled and not allowed to slide as seems to be always the case these days?

Yours faithfully,  
J. ANTHONY HOLLAND,  
Foot & Bowden, Solicitors,  
70-72 North Hill,  
Plymouth PL4 8HH,  
March 11.

## CBI backs consumer law plan

By Robin Young

The marketing and consumer affairs committee of the Confederation of British Industry is to take over a campaign to ensure the cost-effectiveness of consumer legislation.

The campaign was initiated by the Commercial Legislation Monitoring Group, an ad hoc body formed by 18 major business groups, including the CBI. The group commissioned a report from the Economist Intelligence Unit which estimated that the cost of consumer legislation was between £150m and £200m in 1978, and recommended that no new laws should be proposed until industry had been offered the opportunity to set up voluntary codes to achieve the same results.

Mr Harry Shepherd of Marks & Spencer, who chaired the group, said yesterday that its main recommendations had been accepted in principle by Mrs Sally Oppenheim, minister for consumer affairs.

Mrs Oppenheim has agreed that new consumer protection measures should only be introduced where the benefits outweigh the costs, but she has also said that, on the evidence of the study, the costs of consumer protection measures—11p per £10 of household expenditure—were not excessive.

Mr Philip Young, the group's chairman, explained that machinery manufacturers were being challenged both at home and in third markets by exports from West Germany, Italy and to a lesser extent Switzerland. Japanese manufacturers are also taking a large share of world markets.

It is also widely believed in the industry that some overseas competitors receive hidden government financial assistance for exports. By comparison, the United Kingdom's finance arrangements are slow and too restrictive, according to the federation.

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BY THE FINANCIAL EDITOR

## Strategies for the recession

Ball gazing is not easy in this period of rest rates war and currency turmoil. It is particularly difficult and most managers are adopting a wait and see attitude, and with interest rates of around 10 per cent obtainable on short-term dollar deposits there is clearly no need to hurry. Since we tend to see the future as a best case of action, but are important differences.

There is no guarantee that recycling of money will be as easy as last time. Managers might be buying less and the market for the sale of internal stability. A number of the Third World debt problems more insoluble than ever while the balance of payments and other factors, to the Warsaw Pact countries will not stay as last time.

ie fall in the price of gold persists. The Soviet Union itself may find it to grant economic support to some more hard pressed allies. on the assumption that the Carter works and that this will once more shape of a classical recession what to happen?

the recession commodities, gold and oil will be relatively weak. High interest rates and the fall in demand are going to cause the liquidity problems world-wide most companies. Profits and cash will be under pressure.

Such circumstances there seems no rush into equities just yet. But, markets are signalling a recession. It has been officially pronounced. It is a somewhat arbitrarily said when the Gross National Product two successive quarters. e oil shares were excluded from the red and poor index, it would have been about 10 per cent in the last couple of years. American analysts see profits this year, and the general view seems that the p/e ratio of the Dow Jones will rise from 6 to a still undemand-

ed by volume gains across the board after margins, the United Kingdom more than maintained the

previous year's pace with trading profits up from £6.4m to £14.1m. Even the meat looked up with the downturn in the Baxters retailing division offset by better returns from the processing divisions like Somerwest.

Meanwhile Brooke Bond is managing to keep its share of the United Kingdom tea market at a healthy 34 per cent and margins, especially now that the Price Commission has passed away and there is a more pronounced switch from packet to tea bags, are looking better.

The second half is not shaping up as well however even though London tea prices are starting to harden. Even so that will probably mean pre-tax profits of at least £44m this year for a prospective fully taxed p/e ratio of under 7 at 51p while the likely yield of 11 per cent is as attractive as ever. The increase in United Kingdom profits has amounted to an unrelieved ACT would be for a started to ease the group's ACT difficulties but the only sure way of releasing the large sizeable United Kingdom acquisition which the balance sheet can now stand, since end year borrowings will be no higher than last June.

### Maple

### Waring comes into the open

Waring & Gillow presumably calculates that the awful memories of the property crisis in the mid-1970s are still sufficiently fresh in the minds of Maple shareholders for them to be tempted into taking a bird in the hand and thus its 30p a share offer.

Maple and its advisers think otherwise: shareholders remained loyal even during the dark days when the share price was down at 4p so the argument is that they should stick out for a higher offer now that Maple has achieved a strong profits recovery.

Further, Maple has suggested something more this year (although half-year profits did not indicate anything very dramatic) and this, together with available tax losses of £14m at the end of last year, implies that on an earnings basis Waring's offer will not look as generous as the bare 1978/79 figures suggest.

Meanwhile, Waring promises something special in its official offer about how it intends funding this deal. It could have to put up cash of £8.4m. That probably means proposals to release funds from Maple's property holdings, with an element of sale-and-leaseback, if the deal goes through.

So while Maple indicated when Waring first started making overtures a few weeks ago that it would not defend on asset grounds (and at face value with book assets at only 14p this is not surprising) the arguments at the end of the day may indeed centre on property potential and the benefits to be gained from rationalizing two furniture retailing chains so that they can best weather the storms ahead.

### Smith & Nephew

### A mixed picture

Smith & Nephew's 5 per cent rise in pre-tax profits to £22.2m was in line with market estimates. So too was the increase of almost a third in the gross dividend. But the divisional breakdown reveals some wild fluctuations over the previous year.

There were two major problem areas. Cosmetics where bad weather and the transport strike early in 1979 reduced operating profits to zero compared with £1.5m in 1978. Denim textiles for jeans also took a tumble; margins were sharply squeezed as the weak United States dollar allowed American competition to steal into the European market.

But a solid 16 per cent rise to £11.2m from the main medical and health care division and sparkling results from plastics and tapes more than made up the difference partly due to a first-time contribution from the Anchor acquisition.

The cost of financing the debt—now at £38.4m, or 49 per cent of shareholders' funds—is likely to be the main influence on profits in 1980. Smith & Nephew is already expecting slightly higher first quarter profits and, given falling interest rates, chairman, Mr Kenneth Kemp is reasonably confident of showing an increase for the full year. Nevertheless, a fully-taxed p/e ratio of 12 at 75p and yield of 6.9 per cent is asking quite a lot.

By 1984 the Government will be taking about £15,000m a year in North Sea taxes

## Are we squandering our oil riches?

The British Government has a money tree at the bottom of its garden. Depleting the prospects for a medium-term financial plan are the quite remarkable increases in government revenue from the North Sea which will result from increased oil prices.

By 1984 it now seems likely that the Government will be taking something of the order of £15,000m a year in total tax from the North Sea. This is well over twice the figure which emerged from calculations made before the round of oil price increases in 1979.

The Government gets the extra revenue for two reasons. The structure of tax in the North Sea is such that it was due, in any case, to obtain about 70 per cent of the revenue from the North Sea by the middle of the 1980s. But the increase in oil prices increases the profitability of the fields; and the more profitable the fields the higher the proportion going to the Government.

Britain has already missed out the great debate about what to do with oil revenue once. The Labour Government, in its 1978 White Paper on the challenge of North Sea oil, avoided some issues and muddled others. As a result the early years of increasing production, during which North Sea oil has had a dramatic effect on our balance of payments, slipped by with no serious discussion about how we should use the benefits.

They were spent on financing an increasing deficit in our non-oil trading account. We spent a capital asset and bought foreign consumer goods.

It was easy for the Government to avoid serious thought about what to do with North Sea oil because the money from the North Sea did not actually flow through government hands.

At present only about 30 per cent of total revenue goes to the Treasury. The rest is legally the property of the oil companies. The proportion was less. But by 1984 that proportion will be up to 80 per cent. So if the Government wastes the money we will know where the blame lies.

What are the options open to

it? The first choice it will have to make is between spending it or using the funds to cut the Government's deficit.

Suppose that the Government decides that the country should spend the money. It basically has two options—to hand over the revenue in the form of tax cuts or to do the spending itself. The tax cutting strategy is usually thought of in terms of cutting income tax; but the disadvantages of this route are great.

If one thing is clear about our present situation it is that industry is in trouble and the personal sector, which is dominated by wages and salaries, has done well in recent years in relative terms. Rates of return are so low that the very survival of large parts of our industry must be in doubt.

So, to hand a further windfall bonus to the personal sector looks a rather odd thing to do. This applies just as strongly to the proposal by Mr Samuel Brittan and Mr Barry Riley that individuals should be given some kind of North Sea equity, which presumably would be worth cash.

Indeed, if the idea is to "trust the people about how North Sea oil revenue is to be used there seems no reason not to give them the money direct.

Suppose that the Government were to say that instead of giving the money to individuals it would give it to industry, through the National Insurance surcharge, cutting corporation tax and generally reducing the taxation burden on industry.

This seems a more direct route to follow if the aim is to save and rebuilding of our industrial base, but it runs flat into the current policy on what determines wages. For the squeeze on companies is not something which is happening by accident. It follows logically from Government policies which look on it as the way to force companies to make less inflationary wage settlements.

If lack of liquidity is the only form of wage restraint we

can have then Government measures which directly improve company liquidity in the short term would risk provoking further inflation. For if this model of wage bargaining is right, unions will merely insist in getting higher wages to soak up the tax concessions made to the corporate sector by the Government.

Some of the same problems apply to the idea canvassed by the Trades Union Congress, that the money should be used to finance direct intervention and investment in industry by the Government.

The attractions are obvious. It is the Government's (that is, our) money, so there are strong distributional arguments for ensuring that we all end up owning any assets which are acquired. Such an approach would also, in theory at least, enable us to focus the spending in those areas of the economy where money could do most good.

But the practical problems are also very great. Leaving aside objections of principle to the Government's intervening directly in industry, just how is it to be done and by whom? Advocates of some kind of "North Sea fund" have so far been very unspecific about just which industries it would invest in and how. Certainly none of the existing institutions we have could cope with funds on anything like the scale in prospect.

All of the above options assume that the Government will spend the money in some form. If it does, the test ought to be whether it contributes to the restoration of our industrial base or is simply oriented towards securing maximum consumer satisfaction while the oil lasts. Only the first option can make any sense.

There is an alternative, however, which the Government is considering seriously. This is to use the extra revenue to run down its borrowing, requirements to zero and even to repay some of its debt by running a surplus. The effects of this would be to force British in-



A drilling team at work in the Forties field.

vestors to switch funds from the purchase of United Kingdom gilts either into industrial shares or more probably into the acquisition of overseas assets.

What would have to happen is that the United Kingdom would run a deficit on its capital account and would thus be forced to run a surplus on its current account. Unless this came about through a dramatic devaluation of sterling, which seems unlikely, it is bound to occur through the mechanism of a recession here at home.

That seems to be a way to

worsen the squeeze on British industry and not to help it. We would end the period of North Sea oil with more foreign assets but far less British industry.

Whatever alternative the Government is going to adopt, it should start telling us now. Far more important than the details of how much cigarettes go up in next week's Budget is the need to spell out now how the Government intends to use the opportunity of North Sea oil.

David Blake

## Disrupting the tidy world of the Swiss banks

Brussels

To many people Switzerland's banking industry symbolizes a continuation into the present of an order that has been in retreat elsewhere in Europe since before the First World War.

The banker, like the priest or the lawyer is seen as enjoying a position of special responsibility in society. It is considered his duty to keep his clients' money properly only if he has the trust of his clientele, and discretion—summed up in the two words banking secrecy—is instrumental in establishing and maintaining this trust.

But for some time the tidy world of the Swiss banker has been under pressure.

The Swiss Social Democrat Party is pushing strongly to increase the state's tax income from the industry and lift some of the veil of secrecy that surrounds the activities of the banks.

The Social Democrats are no mere political force. The party claims to be the country's strongest in terms of membership. It obtained a quarter of the vote at the last federal elections. It is a member of the ruling coalition, with two members in the cabinet.

Since Herr Ritschard became finance minister political attention has refocused on banking. It seems likely that the Social Democrats will make their cooperation with the other ruling parties on the vexed question of meeting Switzerland's budget deficit dependent on an agreement to increase the taxes levied on banking.

For some time the Social Democrats as finance minister increased the importance of a "people's initiative" being organized by the party which could result in a referendum

on the issue of the banking secrecy laws.

Both lines of attack are equally unwelcome to the banks as it is feared that they could lead to a loss of foreign business. There have been suggestions that taxes should be imposed on foreign notes and bonds and on the earnings from money which foreigners deposit in Swiss banks in fiduciary accounts.

Banking secrecy is a more subtle problem. There is scepticism as to whether the planned initiative will ever be translated into law. But in having to fend off the Social Democrat offensive the banks are demonstrating that Swiss banking secrecy is not an omnipotent myth which would have us believe. Unfavourable comparisons are being made with other banking centres.

The myth of banking secrecy in Switzerland is powerful. The numbered account and the correct, but not too curious, Swiss bank manager are supposed to afford a safe haven for the fugitive capital of discredited dictators, the illicit profits of mobsters and racketeers, and earnings that otherwise would be respectable money rather than see its way to their own tax authorities.

Backing up banking secrecy are the draconian provisions of a law enacted in 1934, when Hitler's agents were at work in Basel, Zurich and Geneva seeking out the bank accounts of German Jews. Any bank official betraying a secret, or any third party trying to elicit a secret, from a Swiss banker is liable to six months in jail or a fine of up to 50,000 francs.

So far 120,000 people have signed a petition in favour of the Social Democrat initiative that sets out to weaken banking secrecy. The initiative states that banks should be obliged to give information to

revenue authorities for tax assessment purposes where evasion is suspected and that the Swiss authorities should give legal assistance to other countries seeking information to do with criminal proceedings, tax and currency offences.

Herr Rudolf Strahm, a Social Democrat Party executive, is the man behind the initiative. His aim is to establish fairness at home—by eliminating some of the loopholes through which middle and upper class professional people can evade taxation—and solidarity with socialists abroad.

His argument is that Switzerland cannot continue to be an haven for fugitive capital and specifies that banks should make sure who they are dealing with and where their money comes from. A special tribunal can fine a bank up to 10m francs for failing to adhere to the code.

Even before the code was introduced, banks could be obliged to disclose certain types of information to federal and cantonal authorities. But in the crucial area of tax evasion banks are called only to give details of their customers' activities only in cases of deliberate fraud. This usually means forging documents; forgetfulness does not count as a crime.

The code restrains the banks from aiding their customers in evading capital controls and tax legislation but it states clearly

that the Swiss authorities are not in business to police other people's laws covering currency, fiscal or economic objectives.

The only small chunk in this armour is an agreement with the United States affording assistance in tracking down the illicit fruits of "organized crime", grudgingly accepted by the Swiss banking world after the American administration threatened trade restrictions on imports of Swiss clocks and cheese.

Although banking secrecy may still be too comprehensive for the taste of people like Herr Strahm, his campaign has helped to turn investors' attention to other banking centres that offer a greater degree of discretion.

Other countries have not been slow to step into the area being vacated by the Swiss authorities. Ironically, in neighbouring Austria, the Social Democrat administration pushed through legislation that enables anybody to open a bank account under a false name.

The twentieth century may have given royalty a difficult time in Europe but the Austrian banking industry can reportedly boast numerous "Queens Victorias" and "Princess Anastasias" among its clientele.

Peter Norman

## Business Diary: Fare dinkum? • East of Neasden

eel strike, entering its week today, is being with more than passing interest by Australia's main producer, Broken Hill

Williams, the Australian BHP's United Kingdom representative, is a touch with his bosses in Melbourne about the 50,000 or so to be made redundant (British Steel Corporation) the name of profit-

the strike began, BHP, of the world's top 15 producers, advertised in for a steel research. There were nearly 100

and BSC's redundancy may lead BHP experts to sound within their organs to see what other as there are of interest ish Steel employees.

ough the emphasis is to be on R and D types engineers there could be for skilled shopfloor s with particular skills, th Ron Williams has yet r how many.

ze the position in Britain, her parts of the world, 1 for steel in Australia. BHP is working it to meet demand and o is having to import. Unlike other overseas producers, isn't trying to the shortages in Britain o the BSC shutdown, th the odd shipload of eel is finding its way to rp and Raymen.

Dr Hamed El-Sayeh, Egypt's minister of economy, is here this week to drum up custom and no doubt will be stressing what's being done to improve internal communications.

As every schoolboy knows, the Suez canal links two halves of the world. However, by forming a 150 km-long barrier it also effectively separates two parts of Egypt.

By next year the west bank should be linked to the east by a 2 kilometre tunnel (right) being driven under the canal by British contractors Tarmac in a £60m joint venture with a local company.

While British and French bureaucrats have been stopping about the Channel Tunnel, the Wolverhampton-based civil engineering group has been burrowing away under the canal.

The first car, on what will eventually be a two-lane highway, should go through the tunnel by the end of the year. Tarmac says that the tunnel, 17 km north of Suez, is being driven through blue clay, similar to that encountered when the company worked on the Jubilee tube line in London.

Let's hope that those using the Suez tunnel are more peaceful than some patrons of the



Jubilee line who went on the rampage at Neasden station last week.

world standard a small container already being pushed about British canals.

Secondly, it looks as if Brussels will exempt Britain from some harmonization proposals on manning and hours appropriate only to Europe's non-tidal waterways and jugged-naur barges.

A small gas turbine engine capable of up to 70 miles a gallon could be developed for road vehicles using existing technology, or so says Noel Penny, the British engineer who produced Rover's world-beating Jet 1 car in 1950 and the 1965 Le Mans award winning Rover-BRM.

Penny, now managing director of Noel Penny Turbines, also told Australian motor industry engineers visiting his Coventry plant yesterday: "We have to get much nearer to 100 mpg using new types of fuel like those that can be derived from coal if we are to make a real impact on energy stability with progress in the 1990s."

The American team was led by George Thur, chief of transport programmes at the United States Department of Energy which has a £70m programme to develop gas turbine engines for long-distance buses, trucks, military vehicles and cars.

We, on the other hand, have no official government-supported programme although government agencies like the National Gas Turbine Establishment and Harwell do cooperate with Penny.

The Government would like to see a turbine at least a third more efficient than the best petrol or diesel equivalent by the early 1990s. Penny said his company aims to provide it.

He has 200 world patents, and is engaged on six major research and development contracts.

BMW, the West German company that makes those rather fancy cars, has decided to cancel at the eleventh hour the reopening of the motor museum that is a big public attraction at BMW's Munich headquarters.

The official reason for the abrupt anticlimax after three months' work and expenditure of nearly 2 million Deutsche marks was that some of the exhibits constituted a fire risk. Other unkindly souls have suggested otherwise.

BMW gave DM100,000 and a free hand in designing the museum to Professor Wilfried Mink, of the Frankfurt Theatre, who set about putting the various exhibits in historical settings.

As BMW has been around for some time it was perhaps only to be expected that the settings should include the decadent night life of the Weimar Republic, the great crash of 1929, Hitler's rise to power, the Second World War and the war in Vietnam.

But it was perhaps a little unkind—or unwise—of Professor Mink to exclude the car from his vision of the city of the future. BMW has ways of asking Professor Mink to go back to the drawing board.

It is from the pages of a British learned journal that I discover the latest challenge to Russian cultural hegemony. To an advertisement in *Brewers' Guardian* vodka of "perfect flavour" may be obtained from China National Cereals, Oils & Foodstuffs Import & Export Corporation, Tientsin, China.

## Cleveland factpack

Putting them in place. A detailed map of Cleveland County showing the available industrial land and major roads.

Cleveland journey. A five-sided impression of the county, its industrial scene, key workers welcome; family, recreational and scenic attractions.

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County of Cleveland

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Incorporating the Boroughs of Hartlepool, Middlesbrough and Stockton-on-Tees



## FINANCIAL NEWS AND MARKET REPORTS

## Stock markets

## Selective buying helps to halt the slide

After yet another dull start yesterday, the market made some attempt at a rally and most sectors finished off the bottom following some selective buying.

Glits continued to mark time ahead of the Budget amid economic and interest-rate fears, but were generally firmer for choice.

Oils, which had begun the day on a flat note following the overnight setback on Wall St, soon recovered as one or two buyers entered the market. But, while prices were mostly easier on the day, jobbers were in a fairly optimistic frame of mind on the hope that the recent slide in prices was now beginning to level out. However, fears that the Chancellor will introduce a "windfall tax" or at least increase petroleum revenue tax, still exist.

Golds also showed a general improvement yesterday, growing stronger along with sterling as the day wore on. The bullion price also managed to cut the brake on its recent slide by improving \$2 to \$481.00.

Despite the continuing fears over the economy following the latest gloomy survey by the Henley Group, equities remained fairly resilient. This was borne out by a report of an attempted "sell off" by a foreigner which did not work and the latest rise in United States prime rates which had little effect.

So after some good selective buying among the leaders, the FT Index recovered to close only 1.5 off at 431.7, after being 6.5 lower at midday.

Glits appeared to be making some progress with rises of around 25p throughout the list. But the announcement by Chase Manhattan and Citicorp of a National of an increase in prime rates to 19 per cent took off some of the glitter.

In the end, longs reported gains of about 12p on the day, while in shorts rises were re-

stricted to around £1.16. ICI up 2p at 362p, was one share to benefit from the entrance of selected buyers along with Beechams, 1p harder at 217p.

Results due out tomorrow from textile machinery maker Stone-Platt may well show a pre-tax loss of around £1m for 1979 and there are fears in some quarters that the final dividend may be in danger. Borrowings are likely to have risen sharply and the shares—down from a 1979-80 "high" of 119p to 42p—could go even weaker on the results despite solid asset-backing.

117p. The latter was mainly on consideration of its United States interests which should benefit from the renewed strength in the dollar.

Others to close firm on the day after initial losses included Glaxo at 244p, after 242p, Unilever at 425p, Fisons at 274p, Dunlop at 59p and Pilkington at 211p, after 208p.

In oils, the buyers concentrated their efforts more on the majors, which finished the session mostly off the bottom. BP closed all square at 346p, although Shell eased 6p to 352p and Ultramar 7p to 450p.

The threat of a "windfall tax" or an increase in PRT, continued to weigh heavily on the second-line shares, with Barmah 7p off at 187p, Tricent 6p lower at 258p and Lasso 5p down at 423p. Siemens was another weak feature ahead of the latest drilling report from its operator, Marathon, with the former diving another 60p to 469p.

Active trading continued in silver, where Mr Bunker Hunt has proposed terms of 450p share in opposition to Sun and Deminex, with the price sliding 35p, before recovering to close only 10p off on the day at 1040p. Others to lose ground included Aran Energy 8p lower at 342p and Premier Cons 4p softer at 51p.

North Sea-related shares remained nervous, fuelled by reports that Occidental planned

to cut-back output in its Piper Field. This pushed International Thomson 38p down to at 391p, Cawoods 9p to 151p, Imperial Continental Gas 2p to 698p and Associated Newspapers 1p to 161p.

Despite surprisingly good interim figures, Brooke Bond Leibig remained unchanged at 51p, while the 36 per cent increase in profits and £1.3m cash-cash to shareholders cancelled Watnoughs 15p to 126p.

Elsewhere, the profits standstill at Waring & Gillow wiped 10p from the price at 108p, while the pre-tax loss and passed dividend did not help Stothert & Pitt, down 23p at 85p.

Other companies to receive the "thumbs-down" from the market after reporting included strong & Fisher, 6p to 66p, Fairclough Construction, 1p to 66p, McLeary L'Aime, 1p to 11p, Smith & Nephew, 1p to 75p, and Tomatin, 7p to 186p.

Trade Indemnity rose 2p to 185p, but the full-year figures from Waterford Glass came too late to affect the price which

was unchanged at 26p. About 6m shares in Ward White, also reporting, went through the market yesterday, valued at about £3m, which will go some towards paying off

its latest acquisition. The shares eased 1p to 64p. Further reflection on recent figures from BTR initially wiped 6p from the shares, but they later recovered to close 1p lower at 325p. But James Fisher, which also reported recently, continued to make ground, rising another 3p to 321p. Hepworth Ceramic, reporting later this week, slid 4p to 97p.

Channel Tunnel encountered profit-taking, ahead of the announcement of a cross-Channel link expected today, with the shares slipping 25p to 200p. Fears that the expected bid for Montagu L. Meyer may not now materialise clipped 4p from the price at 110p.

There was a breakdown in talks between Gulf Fisheries and Mr Ferguson-Lacy hit Lomito, down 4p at 86p.

The general nervousness again spread to the discount houses, where United Discount dipped 17p to 365p followed by Jessel Topham 3p to 54p and Clive Discount, 1p off at 43p.

Equity turnover on March 17 was £79,353m (13,321 bargains). Active stocks yesterday, according to the Exchange Telegraph, were Premier Cons, Shell, R.T.Z., BP, GE, Tricent, Gold Fields, Beecham and BTR.

## Latest results

Company	Sales	Profit	Earnings	Div	Pay	Year's
Int or Fin	£m	£m	per share	pence	date	total
Brooke Bond (F)	343.0(325.0)	24.2(18.9)	1.4(1.3)	1.9(1.6)	30/4	3.5(2.9)
B. Clay & Co (F)	17.9(11.5)	1.4(1.1)	1.3(1.0)	1.3(1.2)	16/5	2.5(1.7)
Comben Group (F)	51.0(2.3b)	5.0(1.5b)	—	2.7(5.0)	22/4	—
H. Downing (F)	—	—	—	2.7(5.0)	22/4	—
Fairclough Cons (F)	237.5(232.9)	10.1(7.5)	16.0(11.0)	0.05(Nil)	3/6	4.0(3.5)
G. Goodwin (F)	0.4(0.32)	0.01(0.008)	0.85(0.53b)	0.25(0.25)	13/5	—
D. Iugham (F)	2.7(1.4)	0.52(0.50)	0.9(0.5)	1.0(1.4)	25/4	2.0(2.8)
Inveresk (F)	84.9(75.3)	3.7(3.5)	—	0.52(0.45)	15/5	—
Lawrie (F)	—	0.35(0.37)	—	0.3(—)	30/5	0.5(0.5)
London Seat Flia (F)	16.8(16.9)	0.03a(0.41)	1.0(3.88)	2.0(1.6)	19/5	5.6(2.6)
McCleary L'Aime (F)	—	0.15(0.14)	3.2(2.83)	2.2(1.8)	19/5	3.6(2.79)
Padang Rubber (F)	205.0(179.0)	0.32(0.45)	9.8(9.5)	2.26(1.9)	3/4	—
Smith & Nephew (F)	2.1(1.3)	0.66(0.76)	5.1(7.6)	Nil(2.5)	—	7.6d(4.55)
Strong & Fisher (F)	22.3(16.3)	0.92a(0.70)	38.5(34.10)	2.75(2.44)	25/4	3.75(3.38)
Stothert & Pitt (F)	12.4(17.4)	4.2(8.18)	13.4(14.0)	1.5(1.08)	7/5	—
Trade Indemnity (F)	15.1(12.3)	0.84(0.57)	2.10(2.13)	0.58(1.22)	15/6	—
Tomatin (F)	28.8(27.1)	5.8(4.8)	39.95(21.8)	0.81(1.2)	15/1(2.3)	—
Waring & Gillow (F)	29.8(27.1)	1.5(1.1)	28.2(21.5)	3.04(2.85)	24/4	4.3(4.0)
Waterford Glass (F)	13.0(10.4)	—	—	—	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pre-tax and earnings are net. a Loss. b 9 months. c Preliminary written. d Adjusted for scrip issue.

## German banks repeat dividends

Commerzbank and Bayerische Vereinsbank both announced plans for unchanged dividends yesterday.

Commerzbank, one of the big three West German banks, said it was offering an unchanged 1979 dividend of DM 8.50 per DM50 nominal share.

A spokesman said that the payout for shareholders resi-

## International

dent in West Germany would include a tax refund and total DM13.28.

For 1978, Commerzbank declared the 8.50 mark dividend

on parent company earnings of DM173m, up from DM155m in 1977.

Munich, Bayerische Vereinsbank said it plans a 1979 dividend of DM9 on ordinary shares and DM10.50 for its non-voting preference shares.

Reserves would be increased by DM20m, as they were the previous year, the bank added.

## Lepetit profit drops

Lepetit Spa of Milan, the Italian pharmaceutical company controlled by Dow Chemical of the United States, has shown a profit of 17.58bn lire from 1979, down from 22.26bn in the previous year.

The board decided that distribution of an unchanged dividend of 920 lire for each ordinary share and 1,000 lire for each preferred share.

The company's turnover rose by 6.3 per cent, to 146.5bn lire in 1979. Exports accounted for 67bn lire, up 7.6 per cent from 1978.

## Maira earnings rise

Egins Maira SA of France, makers of sophisticated civil and military electronics and aerospace equipment, says that its provisional 1979 accounts show a net profit of Fr180m (about £18.4m), up from Fr150.9m in 1978 net income (excluding minority interests) is estimated at Fr215m against Fr155.2m a year before, an increase of 38.5 per cent.

## Briefly

Padang Senang Rubber: Pre-tax profit for 1979, £150,000 (£143,000). Total dividend up from 2.38p to 2.50p. Dividend on one-for-one scrip issue proposed.

London Scottish Finance Corp: Pre-tax profit, £350,600 for 26 weeks to January 26 (compared with £340,000 for 27 weeks last year). Turnover rose from £2.5m to £3.2m. Profitability maintained at about same level as last year, despite rise in 1979 gross dividend raised from 0.65p (adjusted) to 0.75p gross.

George Spencer: Turnover for 1979, £12.5m (£12,000,000). Pre-tax profit, £120,000 (£145,000). Total payment, gross, 4.37p (3.97p). S & A P 15 adopted; comparisons adjusted.

Feathering Bonds: Coupon on this week's batch of local authority bonds raised to 17 per cent, compared with 16 1/2 per cent last week. Herefordshire County Council is raising £1m.

Richard Clay: Turnover for 1979 rose from £11.3m to £17.9m. Pre-tax profit, £2m (£1.9m). Dividend, 5p (4.28p) gross.

St. John's (Holdings): Turnover for half-year to December 29 expanded from £16.36m to £22.37m, but pre-tax profits down from £765,200 to £665,800. Interim dividend, 2.97p (2.7p) gross. Waterford Glass: Turnover (Irish currency) for 1979 up from £16.72m to £135.47m. Pre-tax profit, £11.65m (£10.6m). Total net payment raised from the equivalent of 1.2p to 1.51p. Group is continuing to trade "very satisfactorily" so far in 1980.

George Ingham: Turnover for 1979 up from £1.49m to £2.27m. Pre-tax profit, £19,000 (against loss of £8,000). Total dividend, 0.35p gross.

Satchell & Satchell Co: At the annual meeting, Mr Kenneth Gill, chairman, reported that management figures indicate the company is again performing well. The board expects another year of "good progress".

Mergers cleared: The proposed mergers between Hawker Siddeley Group and Fasco Industries Inc. between Bendix Corporation and certain assets of Bendix Westinghouse and between Associated Engineering and Societe Industrielle des Constructeurs are not to be referred to the Monopolies Commission.

Societe Francaise des Petroles BP: Unit of British Petroleum recorded a net profit of 382m francs for 1979—its first in five years—compared with a loss of 197m francs in 1978. The company will pay a net dividend of 3 francs on "old" shares and 2.44 francs on "new" shares. It will be the first dividend since 1973 when the company paid 3 francs per share.—AP-Dow Jones, Paris.

## Options

The traded options market was more active yesterday with the total number of contracts rising from 369 to 597. The options in Courtauld which traded 24 contracts currently look cheap and attractive with the share price at 69p unchanged.

But dealers in traditional options believe that the boom in the sector may now be bottoming out as with the number of calls being produced in those stocks, including Barmah and Lomito. Doubles were completed in Premier, Town and City and Coral.

## Film financing

Lights... action... roll 'em. The City's financial institutions are about to renew their love affair with the glamorous but high-risk film business.

Whether it will be a mild flirtation or a committed relationship will be known in about a fortnight when the latest film production company with its eye on City support holds out the cap for £8m.

Asking for the cash will be Yellowbill Finance, the money-raising arm of a new company, Yellowbill Productions, run by former investment manager Mr Adrian Scrope and film producer Mr Kent Walvin.

It will finance a British picture, Biggles, which is hoped to star Dudley Moore fresh from his American success in the film 10.

Luring the investment trusts, merchant bankers and industrial companies back to the bright lights is the consideration that backing a loser can now be offset against tax and reduces what had been a gamble to a calculated risk.

Last August, in response to requests for tax clarification on film financing, the Inland Revenue issued a statement of practice saying that the ownership of the master negative of a film can be treated as plant and machinery and qualify for 100 per cent capital allowance, which includes the cost of production, development and talent.

## Biggles meets the men from the City



Mr Adrian Scrope of Yellowbill

Before that time, tax was taken only from revenue and backing an unsuccessful film meant investment

groups would have to bear all the losses themselves. What is tantalizing the City is the return on investment of successful movies, which can be 200 or 300 per cent. And that is helping to push to the back of the City's mind the huge sums lost in the 1960s when the approach to film investment was much more casual.

It hurts to recollect those days, but according to some stories one merchant bank lost between £2m and £1m because its control over the financing was not as tight as would be demanded today. Another tells of how a man raised cash to back Lawrence of Arabia—it was discovered only later that he didn't even own the film rights.

That experience scared the traditional conservative City away from the film industry for nearly a decade. But in the last two or three years some more enterprising concerns have been tempted in again. About £15m to £20m is thought to have been put up by the City during that time by various bankers and investment trusts.

But although there are many ready to invest, the system of film financing is very much on an ad hoc basis.

## Ward White buys US footwear group for £7m

By Alison Mitchell

In a major expansionary move, British shoemaker Ward White has almost doubled its size by buying American safety footwear distributor Childs Corporation for £7m. Ward is currently capitalized at £8.9m.

The cash comes from a near-£4m share placing in the market, which was carried out yesterday morning, and two £4m bank loan facilities.

On the back of buoyant annual figures Ward's share price held steady despite the 6m share placing, ending the day only a penny lower at 64p.

The deal, which has taken some 18 months to finalize, ought to raise Ward's profits by around a third.

Outlining the logic of the takeover, Mr Philip Birch,

Ward's deputy chairman and managing director, said that safety standards in the United States were less demanding than those in Britain and Europe and thus offered more growth potential.

A further attraction of Childs is the \$2m liquid assets in the balance sheet, which will be used to expand the business.

In 1979 pretax profits at Ward rose by a fifth from £4.8m to £5.8m on sales a tenth higher at £77m. Pretax profits at Childs in the 12 months to January 31, 1980 amounted to \$4.4m, an increase of almost 40 per cent on the previous period.

Turnover rose from \$37m to \$41.5m.

In the year under review margins at Ward's footwear manufacturing division have

been under considerable pressure. However, the two markets, including Row, Shoemakers said, Web, has held up in its supporting the bottom of producers in the period.

For shareholders, the final dividend of 4.4p giving a total of 8.4p, 50 per cent on the year. At 64p the share at three times fully earnings and now yield 4.4 per cent.

At the end of last year, group announced a 10p American "Mr. Wright" Bell Apparel to produce range of casual shoe boots. These will be made in Spain and, according to Birch, ought to help profits.

## Watnoughs to raise £1.3m by rights issue

By Rosemary Unsworth

Watnoughs (Holdings), the printer, publisher and engraver, is raising £1.3m through a one-for-four rights issue at 110p. This offers a 16p discount on the share price which stood at 126p as the close of dealings yesterday.

The announcement was accompanied by "Watnoughs' full year results.

The money raised by the rights issue will be used to fund part of its two-year expansion plans which commit the group to spending £4.2m in 1980 and £2m in 1981 on new gravure and web-offset equipment to provide additional capacity and expand the group's activities.

The directors said while the developments are within the anticipated cash flow and bank facilities of the group, the pro-

ceeds will be used to reduce borrowings and save interest charges.

Pretax profits rose by 36 per cent from £1.1m to a new record of £1.5m on a 25 per cent increase in sales from £10.4m to £13.1m in the year to December 31, 1979.

The depreciation rate on plant and machinery has been increased from 7 1/2 per cent to 10 per cent because of the increased replacement cost of printing machinery.

The final dividend has been proposed at 4.28p gross against 1978's 4.073p gross which was paid before last year's one-for-four rights issue. The interim dividend of 1.85p gross, the directors said, was a 10 per cent increase on the 1.68p paid in 1978.

The board plans to recommend a total dividend of not less than 7.14p gross for 1980

## Comben soars to £5m before tax

A first-time contribution from Orme Development, coupled to a change in the year-end, saw pretax profits at house-builders Comben Group soar from a nine-month total of £1.5m to £5m for the year to December 31, 1979.

Turnover in the period more than doubled £2.5m to £5.1m, giving a year of some improvement, but possibly not to the extent we have enjoyed over the past three years.

Overseas, the Paris development is continuing to contribute to earnings, while the Algarve site shows signs of coming right at last.

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## Fairclough falls short of market estimates

By Our Financial Staff

Some observers expected Fairclough Construction to make around £11m, by last year, but yesterday building and civil an

group reported only against market estimates. The interim dividend of 1.85p gross, the directors said, was a 10 per cent increase on the 1.68p paid in 1978.

The board plans to recommend a total dividend of not less than 7.14p gross for 1980

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ACCOUNT DAYS: Dealings Began, March 10. Dealings End, March 21. § Connango Day, March 24. Settlement Day, March 31.  
§ Forward bargains are permitted on two previous days

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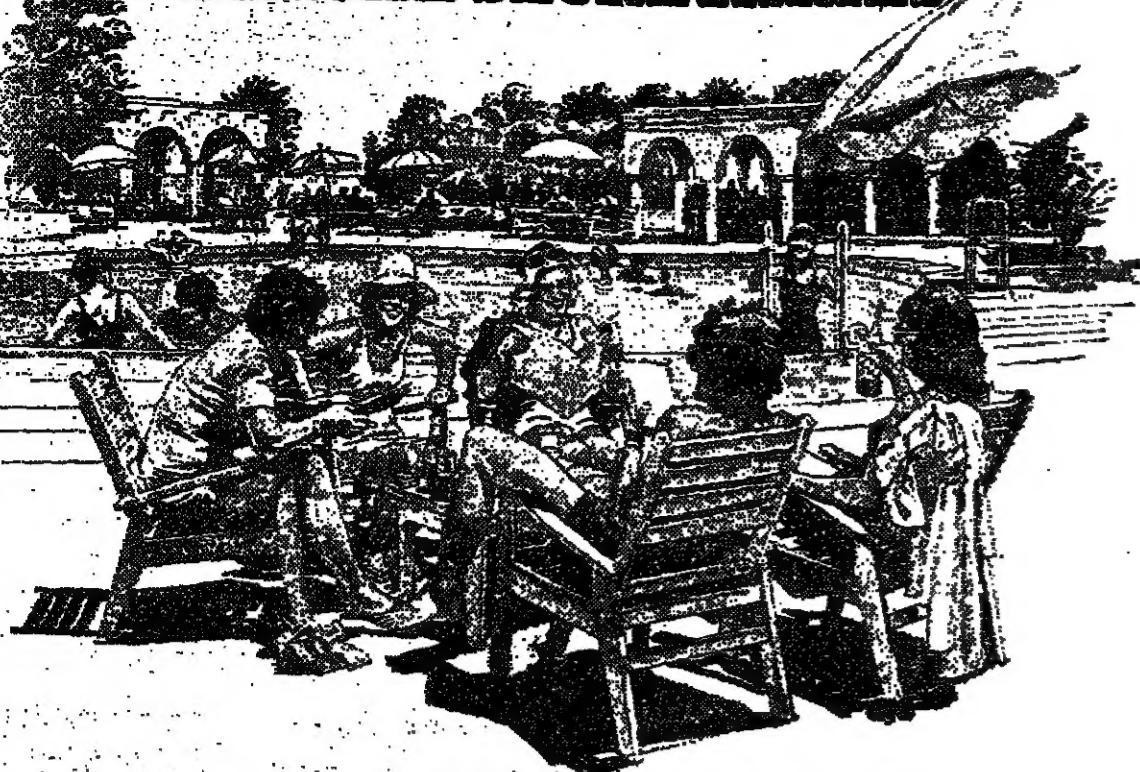




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Wine merchants require secretarial assistance whose responsibilities will range from short-hand typing/copying, general office administration, and dealing with customers and representatives of the wine trade.

25+ Generous salary negotiable.

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Youngest Secretary/P.A. for young Chartered Accountant with Mayfair Office. Someone well above average is sought for this permanent position. Where conscientiousness and loyalty will be both appreciated and rewarded.

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17-28. Ambitious, reliable, enthusiastic, aesthetic, artistic, organized, with impeccable English and typewriting, wanted by publisher/author/illustrator who will appreciate and utilize her talent. Write details to Chairman, British Hypnotic Association, 67, Upper Berkeley Street, W1T 7DH. - Excellent/well-paid secretarial work, some qualifications.

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Working for a really charming and very successful man, you can enjoy the best of both worlds. You will be a secretary and a manager. You will be responsible for the day-to-day running of the company's secretarial and administrative functions, as well as for the management of the company's financial and general affairs.

For more details, please contact: Mr. John Wright, Manager, Dual Role, 173 New Bond Street, W1. Telephone 01-499 0032.

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Private Secretary is required for the Chairman and Chief Executive of the Overingham Group, an expanding diversified company whose principal activities are the production of aggregates and heavy mixed concrete. The job will be located at the company's head office at Overingham (H. Hedingham) in North Yorkshire. The responsibilities are the provision of an efficient and confidential service to the Group Chairman, together with responsibility for administrative arrangements. The successful applicant will be an experienced secretary of an agency, capable, organized, with a mature and pleasant personality. Personal secretarial qualifications are required together with a good general educational standard. It is anticipated that she will have held a similar position for at least three years. The preferred age range being between 30-40 years. A generous salary will be paid commensurate with the importance of this position, together with other fringe benefits. Further application should be made to The Group Industrial Relations Manager, Overingham Group Ltd., Overingham, North Yorkshire YO44 7JY.



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For more details, please contact: Mr. John Wright, Manager, Recruitment Consultant, 173 New Bond Street, W1. Telephone 01-499 0032.

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enclosing Curriculum Vitae Interview 22nd April











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proof read. When thousands of  
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## BIRTHS

BUCHAN—On March 19th, 1980,  
to Elizabeth and Michael, a son,  
James Buchanan.

LEADLEY—On March 19th, 1980,  
to Catherine and Peter, a daughter,  
Catherine Leadley.

MARSH—On March 19th, 1980,  
to Sarah and John, a son, John  
Marsh.

ADDITIONS

RADO—By Josephine and Richard,  
a son, Richard Rado.

MARRIAGES

JONES—On the 19th March, 1980,  
at the residence of the bride's  
parents, a wedding was celebrated  
between the Rev. Canon J. Jones  
and the Rev. Canon J. Jones.

THE TIMES CROSSWORD PUZZLE NO 15,177

ACROSS

1 Old party boss court-  
martialled for 181.

2 Doctor not in shirt-sleeve  
order for battle (6).

3 A river-horse? That's out  
of this world! (16).

4 You once, George, made  
many (11).

5 One living with his riotous  
style will be ill-humoured (8).

6 Macavity, say, in place of a  
pig? Crazy! (16).

7 Send the man with the top  
cushion back (11).

8 Customer need can  
develop intelligence (9).

9 Wood walk (9).

10 Whence Mafeking's cargo of  
ivory, apes, peacocks, etc (5).

11 Collect in the fold (6).

12 Ending of tricky case in  
certain circumstances (8).

13 Snake soon swallows Bill—  
yes, in Moscow (8).

14 Inventor of a bomb in on-a-  
Biblical gift (6).

15 Story about the Race of  
Man is more gossip (16).

16 Ant-eaters and such bid the  
gardens farewell (8).

DOWN

1 Type of theatre to get up  
a musical repeat (7).

2 Silent about Miss Grey—one  
with an element of flash-  
iness (9).

3 Female counsellor for  
instance has Yorkshire date  
upbringing (6).

4 Chopping the middle causes  
death of a tree (5, 3, 7).

5 Many hang around without  
putting in Mink's Walk (8).

6 Worker drinks wine, the wee  
man (11).

7 Hoop turns into a different  
playing (5-4).

8 Gunner apt to break up  
offensive (9).

9 What's kept under your  
hat? (6).

10 So captivate audience on  
stage appearance (8).

11 Exant omnes, meaning you  
all (7).

12 Nothing clear, oddity in  
divine revelation (6).

Solution of Puzzle No 15,176

ACROSS

1 OLD PARTY BOSS COURT-  
MARTIALED FOR 181.

2 DOCTOR NOT IN SHIRT-SLEEVE  
ORDER FOR BATTLE (6).

3 A RIVER-HORSE? THAT'S OUT  
OF THIS WORLD! (16).

4 YOU ONCE, GEORGE, MADE  
MANY (11).

5 ONE LIVING WITH HIS RIOUS  
STYLE WILL BE ILL-HUMOURD (8).

6 MACAVITY, SAY, IN PLACE OF A  
PIG? CRAZY! (16).

7 SEND THE MAN WITH THE TOP  
CUSHION BACK (11).

8 CUSTOMER NEED CAN  
DEVELOP INTELLIGENCE (9).

9 WOOD WALK (9).

10 WHENCE MAFKING'S CARGO OF  
IVORY, APES, PEACOCKS, ETC (5).

11 COLLECT IN THE FOLD (6).

12 ENDING OF TRICKY CASE IN  
CERTAIN CIRCUMSTANCES (8).

13 SNAKE SOON SWALLOWS BILL—  
YES, IN MOSCOW (8).

14 INVENTOR OF A BOMB IN ON-A-  
BIBLICAL GIFT (6).

15 STORY ABOUT THE RACE OF  
MAN IS MORE GOSSIP (16).

16 ANT-EATERS AND SUCH BID THE  
GARDENS FAREWELL (8).

DOWN

1 TYPE OF THEATRE TO GET UP  
A MUSICAL REPEAT (7).

2 SILENT ABOUT MISS GREY—ONE  
WITH AN ELEMENT OF FLASH-  
INESS (9).

3 FEMALE COUNSELLOR FOR  
INSTANCE HAS YORKSHIRE DATE  
UPBRINGING (6).

4 CHOPPING THE MIDDLE CAUSES  
DEATH OF A TREE (5, 3, 7).

5 MANY HANG AROUND WITHOUT  
PUTTING IN MINK'S WALK (8).

6 WORKER DRINKS WINE, THE WEE  
MAN (11).

7 HOOP TURNS INTO A DIFFERENT  
PLAYING (5-4).

8 GUNNER APT TO BREAK UP  
OFFENSIVE (9).

9 WHAT'S KEPT UNDER YOUR  
HAT? (6).

10 SO CAPTIVATE AUDIENCE ON  
STAGE APPEARANCE (8).

11 EXANT OMNES, MEANING YOU  
ALL (7).

12 NOTHING CLEAR, ODDITY IN  
DIVINE REVELATION (6).

SOLUTION OF PUZZLE NO 15,176

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